PROVINCE OF SASKATCHEWAN

11-12

ANNUAL REPORT

MINISTRY OF FINANCE

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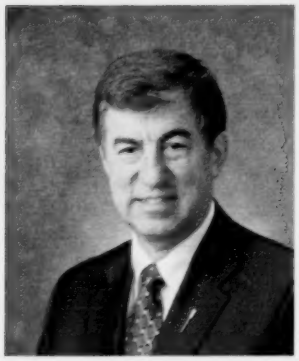
Letter of Transmittal Minister



Her Honour, The Honourable Vaughn Solomon Schofield
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Ministry of Finance for the fiscal year ending March 31, 2012.

The Ministry's Annual Report demonstrates how the Ministry has contributed to the progress of our *Government's Direction for 2011-12: The Saskatchewan Advantage* which builds on the quality of life and the sense of community that the province has by creating conditions for further economic growth and more opportunities in the future.

This was accomplished through further tax reductions, enhanced programs in health, education and social services and a balanced budget. While other jurisdictions saw debt rising with deficit budgets, Saskatchewan's debt was reduced by another $327.6 million.

The 2011-12 Annual Report illustrates the progress of the Ministry of Finance in supporting the Government's decision making processes by providing sound advice, analysis and recommendations. On behalf of the Ministry of Finance, I am pleased to provide the 2011-12 Annual Report to the legislature and to the people of Saskatchewan.

Sincerely,

Ken Krawetz
Deputy Premier
Minister of Finance
July 27, 2012

Letter of Transmittal Deputy Minister

The Honourable Ken Krawetz
Deputy Premier
Minister of Finance

Dear Sir:

I have the honour of submitting the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 2012.

The Ministry of Finance is a central agency that provides financial and policy advice to government and administers various tax bases on behalf of the Province. Finance also establishes the framework for proper accounting and administrative controls across Government and is responsible for the accurate reporting of budgeted and actual results.

As Deputy Minister of Finance, I take responsibility for public accountability and ensure that the information and content of the 2011-12 Annual Report is meaningful, complete and accurate.

Respectfully submitted,

Clare Isman

Deputy Minister of Finance

June 30, 2012

Introduction

This annual report for the Ministry of Finance presents the ministry's results on activities and outcomes for the fiscal year ending March 31, 2012. It reports to the public and elected officials on public commitments made and other key accomplishments of the ministry.

Although a renewed vision and set of goals were introduced as a result of the 2011 provincial election, the 2011-12 Annual Report is presented in relation to the vision and goals that guided the development of the 2011-12 Plan.

Results are provided on publicly committed strategies, actions and performance measures identified in the 2011-12 Plan.

The report also demonstrates progress made on Government commitments as stated in the *Government Direction for 2011-12: The Saskatchewan Advantage*, the Minister's Mandate letter, the throne speech and other commitments and activities of the Ministry.

The annual report demonstrates the Ministry's commitment to effective public performance reporting, transparency and accountability to the public.

Alignment with Government's Direction

The Ministry's activities in 2011-12 align with Government's vision and three goals:

Our Government's Vision

A secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing a high quality of life for all.

Government's Goals

- **Sustain economic growth** for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.
- **Secure Saskatchewan** as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.
- **Keep Government's promises** and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

Together, all ministries and agencies support the achievement of Government's three goals and work towards a secure and prosperous Saskatchewan.

Ministry Overview

The Ministry of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, Finance is responsible for advising the government on financial implications associated with policy decisions that span across all ministries and agencies.

The Ministry, with direction from Treasury Board and Cabinet, assists in managing and controlling the finances of the province to ensure appropriate use of public funds. The Ministry also analyzes and provides advice on tax policy matters ensuring a competitive tax regime that supports the government's spending and debt strategies.

These responsibilities are accomplished while maintaining a close working relationship with the federal government, provincial governments across the country, and other government bodies within the province to effectively address financial issues of mutual concern.

The Ministry of Finance is responsible for receiving the majority of revenues for the Government of Saskatchewan. These include revenues from taxation, transfers from government entities, such as the Crown Investments Corporation of Saskatchewan, and transfers from the federal government. Payments are disbursed through the Ministry to fund public services such as health care, education and road maintenance.

The Ministry also provides services directly to the public by administering provincial tax programs including the Provincial Sales Tax and undertaking communication initiatives to keep the public informed about finance-related issues.

Finance's FTE budget for 2011-12 was 310.3 compared to an actual FTE utilization of 304.7. The variance of 5.6 FTEs was mostly due to fiscal restraint measures implemented during the year.

Staff are primarily located in Regina, with regional offices throughout the province.

Core Business Areas

The Ministry provides the Minister of Finance, Treasury Board, Cabinet and the government with information, analysis, advice and services in eight core business areas.

1. Budget Analysis/Tax Policy

Finance, through the Budget Analysis Division, supports effective government decision making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and government ministries.

Economic and Fiscal Policy Branch, along with the Saskatchewan Bureau of Statistics, provides the Government with updates on the Province's revenue, expense and debt position, reports on provincial and national economic indicators, and publishes quarterly financial reports.

Treasury Board Branch leads the budget development process, supporting ministries and agencies in their expenditure reviews and providing economic and social policy advice to Government as it makes resource allocation decisions.

Taxation and Intergovernmental Affairs Branch analyzes and provides advice on tax policy matters ensuring a competitive tax regime that supports the Government's spending and debt strategies. This Branch is also responsible for working with the federal government on programs such as Equalization, the Canada Health Transfer (CHT), the Canada Social Transfer (CST), the Canada Pension Plan (CPP), fiscal arrangements concerning First Nations in Saskatchewan and other federal-provincial programs.

2. Comptrollership/Financial Management

Finance assists the legislature and the government in controlling and accounting for the receipt and disposition of public money.

Ministry Overview (cont'd)

Through the Provincial Comptroller's Office, the Ministry develops and maintains the government-wide revenue and expense systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts. Finance ensures that ministries maintain appropriate financial and management controls and are properly accounting for their revenues and expenses.

3. Treasury and Debt Management

The Ministry, through the Treasury and Debt Management Division, borrows to meet the funding requirements of the Government, including Crown corporations and other government agencies. The Division manages the provincial debt and the cash position of the General Revenue Fund. The Division also provides an investment management service for various funds administered by the Government, Crown corporations and other agencies.

4. Revenue Operations

Finance administers several provincial government revenue and tax rebate programs. This work involves identifying and collecting tax revenues, conducting audits, issuing tax refunds and providing information related to tax and rebate programs. The programs administered by Revenue Division include the following:

Tax Information Services Program

- Provides tax information and instruction to taxpayers and the general public to assist them in understanding the various tax statutes, refund, and rebate programs administered by the Division.

Audit Program

- Conducts audits to ensure tax is properly collected and remitted and to ensure tax is paid on consumer goods. The majority of the audits conducted deal with Provincial Sales Tax.

Fuel, Tobacco and Prorate Programs

- Administers the province's fuel and tobacco taxes, including programs related to the tax exemption under Section 87 of the *Indian Act* (Canada) and the International Fuel Tax Agreement which provides for the prorating of fuel taxes to all jurisdictions in which a carrier travels.

Farm Fuel Program

- Validates farm fuel exemption permits that allow the holder to purchase tax exempt fuel, and provides refunds to farmers and primary producers eligible for a fuel tax rebate.

Corporation Taxes Program

- Administers various programs including, the Resource Surcharge, Fire Prevention Tax, Insurance Premiums Tax and Motor Vehicle Insurance Premium Tax.

5. Government Performance Planning, Measuring, and Reporting

Through the Performance Management Branch (PMB), Finance leads efforts to improve strategic planning, budgeting, performance measurement and reporting practices across government. The PMB works closely with Treasury Board Branch and with ministries to develop and implement a "managing for results" approach across government, to build capacity for improved management practices, to provide analysis and advice to Treasury Board, and to undertake evaluations, program reviews and special projects as requested.

6. Personnel Policy Secretariat

Through the Personnel Policy Secretariat (PPS), Finance provides support and advice to the Sub-Committee on Public Sector Bargaining, client employers and government ministries with respect to the management of collective bargaining and compensation activities. PPS also provides general human

resource policy advice on initiatives of the provincial public sector, and facilitates the integration of public sector compensation strategies into planning and budgeting processes.

PPS provides advice on collective bargaining and compensation for approximately 62,000 public sector employees in Executive Government, Treasury Board Crowns, Boards and Agencies, the health sector, and the education sector (K-12, SIAST, and regional colleges).

7. Central Management and Services

Central Management and Services provides direction, guidance and support for the Ministry's internal operations and client agencies. This work includes executive management and the management of communications, financial services, procurement, information technology, security and facilities.

8. Pension and Benefits Administration

Finance, through the Public Employees Benefits Agency, administers pension and benefit programs for employees of the Executive Government, most Crown corporations and government funded bodies. As part of its mandate, the Agency ensures that plans are administered in accordance with legislation and the prevailing governance system. Plan design is reviewed regularly to ensure that the needs of plan members and employers are addressed. An annual report is prepared and tabled for each of the pension and benefit plans under the Agency's administration. For more information, go to www.peba.gov.sk.ca and click on the "publications" link.

Progress in 2011-12

Government Goal: Economic Growth

The Ministry of Finance supports Government's goal to sustain economic growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.

Strategy – Support Government's priorities through a sound financial plan

Key Actions & Results

Examine expenditures to ensure they align with Government's priorities and that programs are economical, efficient, and effective.

- All ministries and agencies were required to develop plans that align with Government's vision, goals, commitments and priorities as outlined in the throne speech, ministers' mandate letters and *Government Direction for 2011-12: The Saskatchewan Advantage.*
- Steps were taken to align expenditures with Government priorities and to ensure that Government commitments and other funding priorities were managed within Government's four-year fiscal plan. In an effort to achieve effectiveness, efficiency and economy, ministries were asked to provide program results and outcomes, supported by data and evidence, wherever possible for Treasury Board's consideration. Finance will continue to work towards aligning expenses with government priorities and to encourage greater efficiency across government's programs and services.

Review provincial tax policies to ensure the tax system is fair, adequate, and competitive. This analysis assisted the Government in introducing a number of tax reductions in the 2011-12 Budget, including the second stage of education property tax reform, a $1,000 increase to the basic and spousal tax credit amounts, a $500 per child increase in the dependent child amount and a reduction in the small business corporate income tax rate from 4.5 per cent to 2 per cent.

- This work is ongoing and is reported to the Minister of Finance and to Treasury Board as part of the annual budget development cycle. An additional element of this work is the review of tax policy proposals submitted by members of the public and business.
- During 2011-12, Finance drafted and enacted legislation enabling the implementation of the income tax initiatives announced in the 2011-12 Budget. This legislation was passed in May 2011.
- During 2011-12, Finance also developed options for Treasury Board's consideration regarding the revenue initiatives announced in the 2012-13 Budget.

Support the Province in the negotiation and approval of major intergovernmental fiscal transfers.

- Finance acts as the Government's principal contact with the federal Government on major intergovernmental fiscal transfers, however for the most part, these are federal spending programs and no agreement with provinces or territories is required.
- On December 19, 2011, Federal Finance Minister Jim Flaherty announced a series of decisions that had been made by the federal government respecting the future of the major transfers to provinces – the Canada Health Transfer (CHT), Canada Social Transfer (CST) and Equalization.
- In 2011-12, Saskatchewan received $1.2 billion in federal funding in support of health and social programs through the CHT, the CST and the Wait Times Reduction Transfer. Saskatchewan did not receive Equalization.

Progress in 2011-12 (cont'd)

Issue timely economic and fiscal forecasts, reports and analysis, as part of the annual planning, budget, and accountability processes.

- This work is ongoing and is reported throughout the year. Economic forecasts were provided in the Budget and Mid-Year Report. Fiscal forecasts were updated and released quarterly. As well, throughout the year, Cabinet and Treasury Board were provided with analysis, strategies and options as required.
- Ministry expense and FTE forecasts were gathered and analyzed to provide advice to Treasury Board at key times throughout the year.
- All ministry plans were released publicly with the 2012-13 Budget and posted on the Government website. All ministry 2010-11 annual reports were tabled by the legislative deadline. Mid-year results were gathered and analyzed to support the 2012-13 budget process.

Performance Measure & Results:

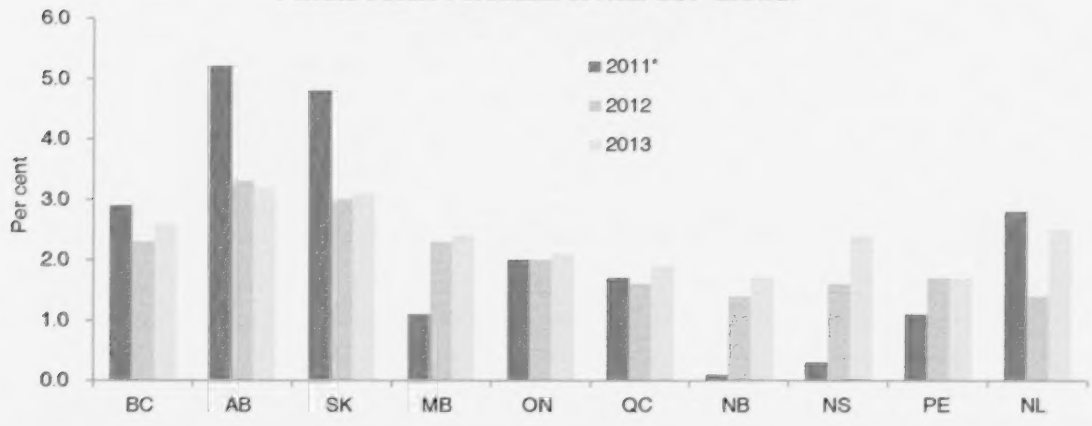
Private Sector Forecasts of Real GDP Growth

The Ministry of Finance closely monitors several economic, fiscal and demographic indicators.

Private sector forecasts of real GDP growth indicate private sector expectations of the performance of the Saskatchewan economy relative to other provincial economies. Percentages considered here are the average of private sector forecasts.

Private sector forecasters expect Saskatchewan real GDP to grow by 3.0 per cent in 2012 (the second highest growth among provinces) and 3.1 per cent in 2013 (also the second highest growth among provinces).

Private Sector Forecasts of Real GDP Growth



As of July 10, 2012
Source: IHS Global Insight, Conference Board of Canada, Centre for Spatial Economics and all of the major Canadian banks
**Actual*

Progress in 2011-12 (cont'd)

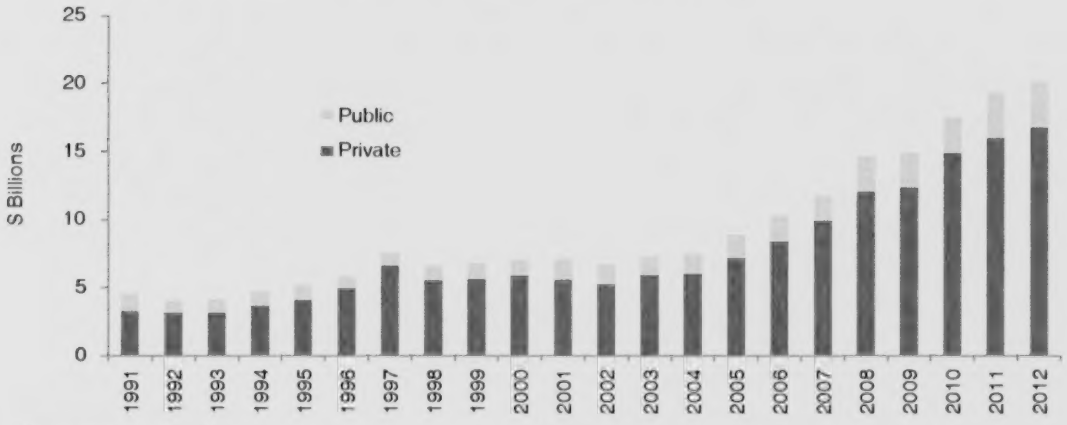
Performance Measure & Results:

Total Capital Investment in Saskatchewan (Public and Private)

Capital spending in the province demonstrates confidence in Saskatchewan as a place to invest and helps to provide for future economic growth. The data originates from Statistics Canada's Private and Public Investment Intentions Survey, which collects data on an annual basis and measures the intentions for capital investment and the expenditures for the previous two years.

Total capital investment in Saskatchewan increased by roughly 10.3 per cent in 2011 to $19.3 billion. Total capital investment in Canada as a whole increased by 6.9 per cent. Saskatchewan's total capital investment in 2012 is expected to grow by 4.2 per cent to $20.2 billion. Private investment in particular is expected to increase by 4.9 per cent while public investment is expected to increase by 1.2 per cent. In 2012, non-residential capital investment in Saskatchewan is expected to increase by 4.1 per cent while residential capital investment is expected to grow by 5.2 per cent.

Capital Investment in Saskatchewan



Source: Statistics Canada

Progress in 2011-12 (cont'd)

Optimize revenue to the Province through fair policies and systems to ensure greater voluntary payment of and compliance with taxes owing to the Province.

- The Ministry continued to promote voluntary compliance by educating businesses on their tax responsibilities and provided assistance to streamline reporting requirements.

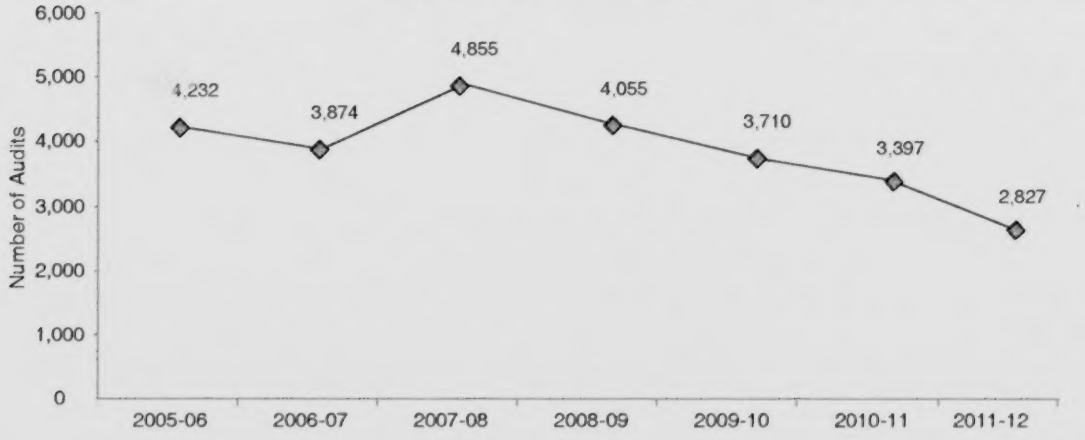
Performance Measure & Results:

Number of Audits Conducted on Businesses Liable for Taxes Under the Statutes Administered by Finance

While Finance has placed increasing emphasis on promoting voluntary compliance through education and outreach, the audit program remains an important tool to protect and preserve the Province's revenue base, promote tax compliance, and educate taxpayers as well as to ensure a level playing field for all businesses operating in Saskatchewan.

The number of audits performed has been declining in recent years due to increased emphasis on fewer, large-risk audits and the use of education and outreach activities to promote voluntary compliance. Based on this shift in emphasis, the number of audits conducted is no longer an appropriate measure of performance. In 2012-13 this measure will be replaced by the benefit-cost ratio of audit and compliance activities.

Number of Audits Conducted on Businesses



Source: Ministry of Finance, Revenue Division, Time Control Tracking System

Progress in 2011-12 (cont'd)

Government Goal: Securing Saskatchewan

The Ministry of Finance supports Government's goal to secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

Strategy – Assess Saskatchewan's tax system to ensure it is competitive and attracts and retains businesses, families, and individuals

Key Actions & Results

Review Saskatchewan's competitiveness respecting personal and business taxes, including working with Enterprise Saskatchewan on future tax policy endeavours in relation to the distribution of tax among taxpayers and competitiveness.

- This work is ongoing and is reported to the Minister of Finance and to Treasury Board as part of the annual budget development cycle.
- During 2011-12, Finance drafted and enacted legislation enabling the implementation of the income tax initiatives announced in the 2011-12 Budget. This legislation was passed in May 2011.
- During 2011-12, Finance also developed options for Treasury Board's consideration regarding the revenue initiatives announced in the 2012-13 Budget.

Monitor internal and external pressures on the whole provincial tax system and analyze the effects those pressures may have on the fairness, competitiveness, and sustainability of the tax system.

- This work is ongoing and is reported to the Minister of Finance and to Treasury Board as part of the annual budget development cycle. Finance monitors other jurisdictions' taxation policies in terms of their effect on Saskatchewan's relative standing.
- During 2011-12, Finance continued to monitor personal income tax changes in Manitoba, Nova Scotia and Newfoundland, corporate tax rate changes in Ontario, New Brunswick and Nova Scotia, as well as the status of the sales tax harmonization initiative in British Columbia.

The Finance analysis assisted the Government in implementing a number of tax reductions in 2011-12, including the completion of education property tax reform, increasing the basic and spousal tax credit amounts by $1,000 and the dependent child amount by $500 per child, as well as lowering the small business corporate income tax rate from 4.5 per cent to 2.0 per cent.

- During 2011-12, Finance drafted and enacted legislation enabling the implementation of the income tax initiatives announced in the 2011-12 Budget. This legislation was passed in May 2011.
- During 2011-12, Finance also developed options for Treasury Board's consideration regarding the revenue initiatives announced in the 2012-13 Budget.

Performance Measure & Results:

Income and Sales Taxes Paid by Representative Taxpayers

Saskatchewan's tax levels for representative taxpayers provide an indication of the amount

Saskatchewan Income and Sales Taxes Paid by Representative Taxpayers

	2005	2006	2007	2008	2009	2010	2011	2012
Single parent family earning $25,000	$466	$382	$176	$20	($117)	($128)	($168)	($182)
One-income family earning $50,000	$4,124	$4,001	$3,679	$2,207	$2,098	$1,858	$1,471	$1,277
Two-income family earning $75,000	$6,656	$6,516	$6,096	$4,710	$4,601	$4,571	$4,117	$3,965

Source: Ministry of Finance, Tax Simulation Models

Progress in 2011-12 (cont'd)

of after-tax or disposable income available to residents. Declining tax levels are therefore suggestive of improvements in the relative prosperity of residents. In 2011, income taxes for each of the representative profiles declined as a result of indexation adjustments and the 2011-12 Budget initiative to increase the basic personal and spousal exemption amounts as well as the tax credit for dependent children. A negative value indicates that refundable tax credits exceed taxes payable. Income taxes will further decline in 2012 as a result of indexation adjustments.

The calculations upon which the performance measurements are based are completed by the Ministry of Finance using internal tax simulation calculations. Each of the measures is based on a determination of combined provincial income and sales taxes payable by representative family profiles.

For each family profile, provincial income taxes are calculated based on the following assumptions:

- each family has two dependent children;
- the two-income family has one spouse earning 60 per cent of the total income and the other earning 40 per cent;
- the single parent family and the two-income family claim $3,000 in deductible child care expenses; and,
- each family claims available basic personal exemptions, dependent child credits and credits for Canada Pension Plan and Employment Insurance contributions.

The Provincial Sales Tax is calculated based upon average family expenditure baskets from the Survey of Family Expenditures in 2009 (Statistics Canada). The refundable Saskatchewan Low-Income Tax Credit is also incorporated into the calculations.

Performance Measure & Results:

Interprovincial Tax Comparisons for Selected Average Family Profiles

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers is indicative of the competitiveness of our tax system. This measure can be significantly impacted by tax changes initiated in Saskatchewan and by tax changes occurring in other provinces. Saskatchewan's tax competitiveness relative to other provinces improved in 2011 for the single parent profile. In 2012, the ranking for the single family profile declined due to an enhancement to the Quebec sales tax credit for low income families.

The calculations upon which the performance measurements are based use the same methodology as described in the measure examining income and sales taxes paid by representative taxpayers.

- Quebec's income tax calculations are adjusted for the child care expense tax credit and the 16.5 per cent federal tax abatement.
- Provincial sales taxes are calculated based upon average family expenditure baskets from the Survey of Family Expenditures in 2009 (Statistics Canada). The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial sales taxes are then estimated based on taxable expenditures in each province.

Refundable provincial income tax credits designed to reduce the impact of income and sales taxes are also incorporated into the calculations.

Saskatchewan's Tax Competitiveness Rankings for Representative Taxpayers

	2005	2006	2007	2008	2009	2010	2011	2012
Single parent family earning $25,000	3rd	3rd	3rd	2nd	2nd	2nd	1st	2nd
One-income family earning $50,000	4th	4th	3rd	2nd	2nd	2nd	2nd	2nd
Two-income family earning $75,000	4th	4th	4th	3rd	3rd	2nd	2nd	2nd

Source: Ministry of Finance, Tax Simulation Models

Progress in 2011-12 (cont'd)

Strategy – Assess pension availability for Saskatchewan workers to ensure adequate retirement incomes

Key Actions & Results

Continue to review, with federal and provincial governments, Canada's current retirement income system. Specific actions include obtaining the views of stakeholder groups on key elements of the framework for Pooled Registered Pension Plans (PRPPs) prior to the development of regulatory legislation as well as continuing to consider various options for modest and targeted expansion of the Canada Pension Plan.

- Federal legislation respecting the implementation of PRPPs for federally regulated industries was introduced in November 2011 and, as at March 31, 2012, was moving through the Parliamentary legislative process.
- As pension legislation is provincial jurisdiction (except for federally-regulated sectors), the federal legislation serves as a template for provinces to follow in an attempt to create a uniform regulatory environment for PRPPs to operate throughout Canada.
- The Government of Saskatchewan will be examining the federal PRPP legislation in-depth and will determine what provincial legislative provisions will be required to extend the availability of PRPPs to all Saskatchewan employers (beyond federally-regulated industries) and the self-employed.
- The federal government has consulted extensively with pension and insurance industry stakeholders, as well as business and labour groups on its regulatory provisions, and the results of all consultations have been shared with provincial and territorial officials. The Government of Saskatchewan will determine what further consultation will be required as provincial regulatory provisions are developed.
- With respect to the Canada Pension Plan (CPP), in December 2011, Finance Ministers agreed to propose a number of technical amendments to the CPP legislation and to the CPP Investment Board regulations. These amendments will not change CPP benefits or have an impact on the finances of the Plan. Ministers also agreed that the contribution rate would remain unchanged at 9.9 per cent of pensionable earnings.
- Ministers agreed that approaches to enhance the CPP will continue to be analyzed and discussed; however, there was no consensus to proceed with an enhancement at this time.

Progress in 2011-12 (cont'd)

Strategy – Promote secure, predictable federal transfer arrangements that support stable, equitable funding for health and social programs

Key Actions & Results

Work collaboratively with federal, provincial, and territorial governments to review the current fiscal arrangements and begin to develop options for the renewal of the major federal transfers, effective April 1, 2014.

- On December 19, 2011, Federal Finance Minister Jim Flaherty announced a series of decisions that had been made by the federal government respecting the future of the major transfers to provinces – the CHT, CST and Equalization.
- The CHT will grow at six per cent per year through 2016-17, followed by annual growth in line with nominal gross domestic product (GDP), with the provision that the growth rate will not fall below three per cent per year. Beginning in 2014-15, CHT will be allocated on a strictly equal per capita cash basis, with protection provided to ensure no province experiences year-over-year declines.
- The CST will continue to grow at three per cent per year on an ongoing basis and will continue to be allocated on a strictly equal per capita cash basis.
- Equalization will continue to grow in line with nominal GDP, as has been the case since 2009-10. Decisions on technical improvements to the Equalization program will be made in 2013, following the technical review of the program currently being undertaken by federal, provincial and territorial officials.
- In 2011-12, Saskatchewan received $1.2 billion in federal funding in support of health and social programs through the CHT, the CST and the Wait Times Reduction Transfer.

Progress in 2011-12 (cont'd)

Government Goal: Keeping Promises

The Ministry of Finance supports Government's goal to keep its promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

Strategy – Ensure a sound financial management framework is in place across government

Key Actions & Results

Ensure government-wide financial management policies and procedures are sound; also ensure government-wide accounting policies are in accordance with Public Sector Accounting Board (PSAB) pronouncements.

- Financial Administration Manual (FAM) policies and procedures were monitored and updated as required. FAM communicates to ministries and public agencies, policies, procedures and guidance necessary to support sound financial management and control of and accounting for public resources.
- The Ministry provided advice on financial management, accounting, and internal control issues. The Ministry of Finance supports ministries and provides direction and a leadership role as issues arise, and through regular processes, such as the review of draft legislation/regulations and Provincial Auditor reports.

Develop and deliver financial management fundamentals training for managers and employees to build financial management capacity in the public service.

- The Ministry continued to support the Public Service Commission's delivery of training for new employees on effective financial management and control practices.

Assess the internal controls of the Government's financial systems and assist in the development and implementation of improvements where required.

Finance looks for significant deficiencies in financial programs/systems by conducting internal control reviews. A deficiency is an internal control weakness that adversely affects government's ability to safeguard its assets and record, process, or report financial data reliably.

- Ministry programs and payments were audited using a risk-based approach. Ministries accepted and have implemented or are actively working on implementing all audit recommendations.
- The Ministry publicly reported on a quarterly basis, losses of public money in ministries and Treasury Board Crowns.

Ensure legislated spending limits of the Government are not exceeded.

- Through features in the government's central financial system, spending from the General Revenue Fund is controlled.

Update MIDAS, the Government's central financial system, to the latest release of Oracle software.

- The project was completed as scheduled on November 30, 2011.

Progress in 2011-12 (cont'd)

Strategy – Manage government debt in an efficient and cost-effective manner

Key Actions & Results

Monitor domestic and international capital markets to identify and take advantage of opportunities to raise capital to meet Government and Crown requirements.

- The monitoring of capital markets is a continuous process. During 2011-12, Finance fulfilled the borrowing needs of Government and Crown corporations.

Service outstanding debt ensuring the timely and accurate payment of interest and principal.

- Debt servicing is a continuous process. During 2011-12, all outstanding debt was serviced accurately and on the correct dates.

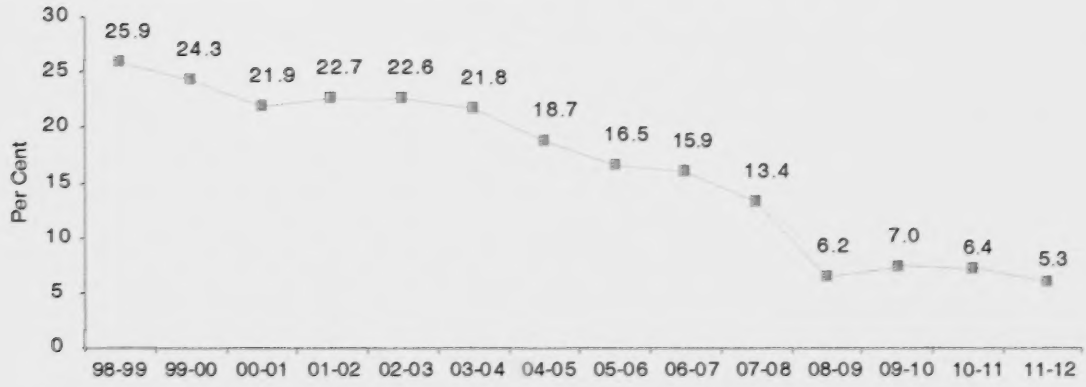
Performance Measure & Results:

Government Debt as a Percentage of Gross Domestic Product (GDP)

One facet of the Government's financial plan is to manage Government debt levels. The Ministry of Finance, as well as external investors and agencies, closely monitor the Province's debt-to-GDP ratio and overall credit ratings. A decreasing debt-to-GDP ratio indicates a declining drain on economic resources to service and repay debt and an associated increase in the fiscal flexibility of the Province. Investor confidence is influenced by this ratio because it provides a measure of the Province's debt relative to the size of the economy.

This ratio is calculated by dividing GDP for the previous calendar year by the level of Government general public debt at March 31. Debt is gross debt net of sinking funds. Gross debt is the amount owed directly to lenders and sinking funds are set aside for the repayment of that debt. Government general

Government Debt as a % of GDP



Source: Saskatchewan Public Accounts and Saskatchewan Provincial Economic Accounts

Progress in 2011-12 (cont'd)

public debt is borrowed to finance Government programs as opposed to debt borrowed for and repayable by Crown corporations.

This ratio is influenced by the state of the global, North American, and Canadian economies, as well as the level of Government general public debt. Saskatchewan's nominal GDP was projected to grow in 2011 as a result of increases in real economic activity (supported by strong business investment, a 14.8 per cent increase in crop production and continued population and employment growth) and commodity prices. Saskatchewan's level of Government general public debt has been on a declining trend over the past several years and the 2012-13 Budget estimated debt to remain constant through to 2015-16.

At March 31, 2012, the Government general public debt-to-GDP ratio was 5.3 per cent, a decrease of 1.1 percentage points from March 31, 2011. The decrease in the debt-to-GDP ratio is due to an expected increase in nominal GDP from $64.2 billion in 2010 to $72.5 billion in 2011 and also a reduction in Government general public debt by $327.6 million from $4.1 billion in 2010-11 to $3.8 billion in 2011-12. The debt-to-GDP ratio is significantly below previous years (13.4 per cent in 2007-08) and the 2012-13 Budget forecasts the debt-to-GDP ratio to continue on a decreasing trend.

Reduce outstanding debt as directed. For 2011-12, a reduction in government general debt of $325 million is planned.

- In 2011-12, Finance repaid debt, resulting in a $327.6 million reduction in Government general public debt.

Meet reporting requirements of international regulatory agencies through timely development and filing of financial disclosure documents.

- Finance filed and has complied with all requirements of the U.S. Securities and Exchange Commission, the National Storage Mechanism in the United Kingdom and the Swiss Stock Exchange.

As directed by Treasury Board, implement the transfer of budget surplus funds in accordance with *The Growth and Financial Security Act.*

- Transfers of funds between the Growth and Financial Security Fund (GFSF) and the General Revenue Fund (GRF) are governed by *The Growth and Financial Security Act.* All transfers required by the legislation have been appropriately completed.

Maximize the return on investment of sinking fund and Growth and Financial Security Fund monies through sound investment decisions carried out pursuant to the investment policy guidelines of the two funds.

- All GFSF and sinking fund transactions and positions have been in compliance with approved investment guidelines.
- The portfolios of both funds are continually monitored to ensure that they meet the cash flow needs of the GRF.
- The 2008 Throne Speech committed to maintain a significant balance in the Growth and Financial Security Fund. The 2011-12 Public Accounts reported a GFSF balance of $0.7 billion at March 31, 2012.
- Opportunities to maximize returns are realized to the extent possible based on market views and availability of investment products.

Provide cash management services for the General Revenue Fund (GRF), Crown corporations, and other government agencies.

- Finance ensured that the short-term cash requirements of Crown corporations and government agencies were met; and, the Province was able to fund its ongoing cash requirements by successfully identifying shortfalls and surpluses on a timely basis.

Progress in 2011-12 (cont'd)

Maintain good working relationships with credit rating agencies to ensure accurate information is utilized in the analysis of the Province's creditworthiness.

- Annual post-budget briefings are undertaken with all credit rating agencies.
- All credit rating agencies are kept up-to-date on the changing fiscal and economic picture of the Province.
- In 2011, Standard & Poor's upgraded the Province's credit rating to AAA. This is the first time in the Province's history that it has had a AAA rating.
- Moody's Investors Service and Dominion Bond Rating Service affirmed the Province's credit rating of Aa1 and AA respectively.

Performance Measure & Results:

Government Credit Ratings

A credit rating is an independent evaluation by a recognized, objective agency of a borrower's willingness and ability to service and repay debt. Investors rely on credit ratings when making investment decisions. Many investors have guidelines that are based on credit ratings (e.g., must purchase bonds rated "AA" or higher). Therefore, a borrower's credit rating will impact the availability of credit, both in terms of the number of investors and the pool of funds it can tap. Typically, the higher the credit rating, the lower the risk to the investor and the less the issuer will have to pay in borrowing costs.

Saskatchewan's credit rating compares well when ranked against other Canadian provinces. All credit rating agencies now rate the Province at the "AA" level or above. This is extremely important to international investors, many of whom have a "AA" credit rating requirement for investment.

Standard & Poor's upgraded Saskatchewan's credit rating to AAA, the highest level possible. Standard & Poor's attributed the upgrade to Saskatchewan's low and declining debt burden, rebounding economy, strong liquidity and moderate reliance on support from the federal government.

Government Credit Ratings

	Rating Agency		
Jurisdiction	**Moody's**	**Standard & Poor's**	**DBRS**
British Columbia	Aaa	AAA	AA(high)
Alberta	Aaa	AAA	AAA
Saskatchewan	**Aa1**	**AAA**	**AA**
Manitoba	Aa1	AA	A(high)
Ontario	Aa2	AA-*	AA(low)
Quebec	Aa2	A+	A(high)
New Brunswick	Aa2	A+	A(high)
Nova Scotia	Aa2	A+	A**
Prince Edward Island	Aa2	A	A(low)
Newfoundland and Labrador	Aa2	A+	A
Canada	Aaa	AAA	AAA

Credit ratings as of June 8, 2012 * Negative Outlook ** Positive Outlook

Progress in 2011-12 (cont'd)

Strategy – Provide excellent service to stakeholders

Key Actions & Results

Make ongoing improvements to the Saskatchewan Electronic Tax Services (SETS) to satisfy our clients' needs for fast, efficient, and user-friendly electronic reporting and remitting of provincial consumption tax returns. In addition, continue to promote the use of electronic filing options to raise public awareness and to reduce the cost of program administration.

- The SETS application is being upgraded, with a release of the enhanced application scheduled to take place in the fall of 2012. Some of the prominent features of the new user-friendly application are the ability for users to cancel or amend payments before the payment date and update their email address without having to contact the Ministry.
- Finance staff has continued to encourage the use of SETS when communicating with individual taxpayers about filing errors on paper returns and when payments are not received in a timely manner. The service is promoted on our website, mailings and during customer contacts.

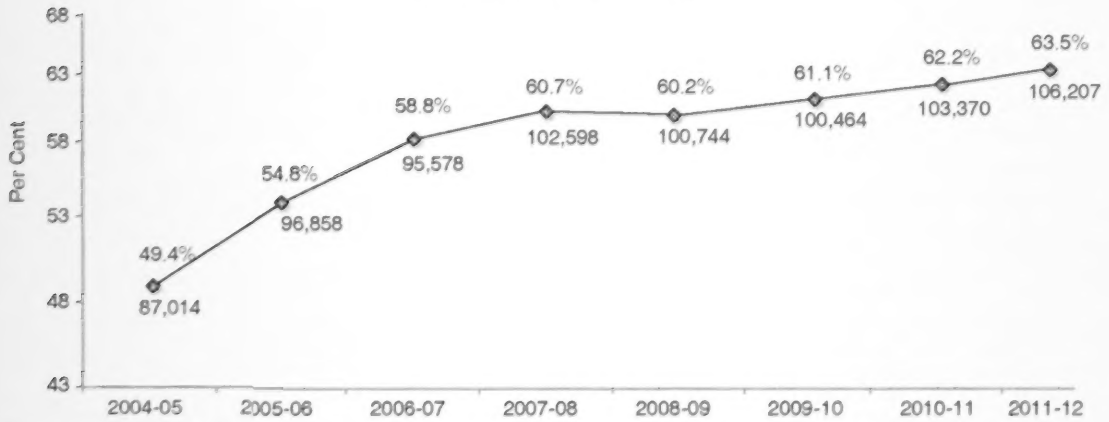
Performance Measure & Results:

Percentage of Tax Payments Processed Electronically

The Ministry strives to provide excellent client service by ensuring that businesses have access to all electronic options for making tax payments. The percentage of tax payments processed electronically is a measure of performance of how well the Ministry is meeting its objective of streamlining regulatory compliance. Businesses that use electronic methods to make payments are able to save time and money on regulatory compliance and channel their resources to other business activities. In addition, the Ministry realizes a reduction in the cost of processing payments when the tax return and payment are received electronically. The measure is determined from statistical reports generated by the main revenue system.

The Ministry continuously works with financial institutions to ensure that businesses are able to make tax payments through any of the financial institutions' electronic payment services that provide sufficient payee information. The percentage of tax payments processed electronically has grown significantly over the last five years and efforts to promote the use of electronic services will continue. However, the Ministry

Percentage of Tax Payments Processed Electronically



Note: numbers below the percentages indicated in the chart refer to number of tax payments processed electronically each year.
Source: Ministry of Finance, Revenue Division, Statistical Reports

Progress in 2011-12 (cont'd)

has limited influence over this measure as many businesses have internal controls that only permit issuance of cheques and some businesses simply prefer to issue a cheque.

2011-12 was the third consecutive year that the percentage of filers online increased, with a total growth of eight percent over the past five years, and more than 28 per cent over the past seven years.

Performance Measure & Results:

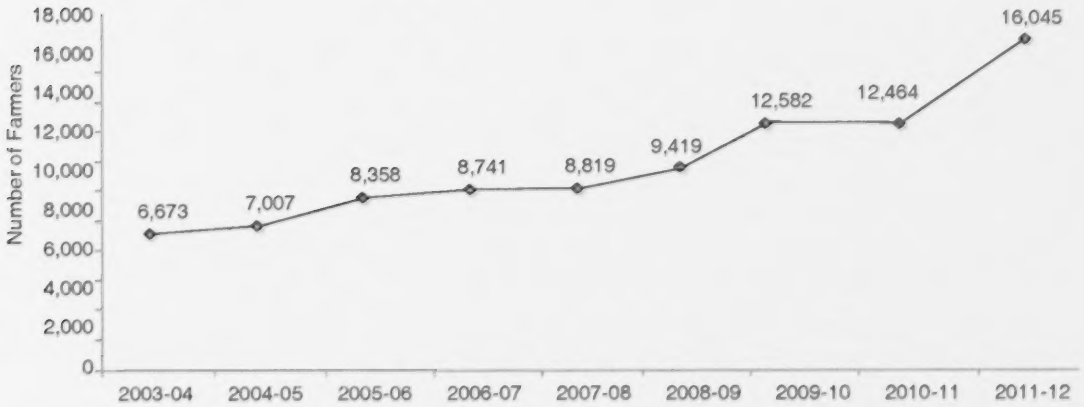
Number of Farmers that Applied for Fuel Tax Permit Renewals Online

To provide improved service to fuel tax exemption permit holders, Saskatchewan Electronic Services (SETS) was enhanced in February 2002 to offer farmers, commercial loggers, and trappers a secure, fast, and convenient alternative to filing their Fuel Tax exemption permit renewal in paper format. The number of farmers that filed permit renewals on-line tracks the Ministry's progress towards easing tax compliance and reducing regulatory burden.

The number of permit renewals filed using SETS has increased dramatically in the last several years, and over 25 per cent from 2010-11 to 2011-12. The large increase in 2011-12 was due in part to a program change that resulted in the Ministry sending renewal notices to farmers earlier than previous years.

The Ministry continues to promote SETS as it is more convenient for program applicants and it reduces the cost of program administration. However, the Ministry has limited influence over this measure as some applicants do not have access to a computer with an Internet connection or simply prefer to mail in a completed application.

Number of Farmers Using SETS



Source: Ministry of Finance, SETS

Progress in 2011-12 (cont'd)

Implement system changes and customer service strategies to automate and support the Business Portal project. The portal will provide a single point of contact for clients to do business across government with respect to registering businesses, reducing wait times and the cost of program administration.

- On April 1, 2011, Information Services Corporation implemented Business Registrations Saskatchewan, which allows businesses to register for Provincial Sales Tax, Workers Compensation Board and the Corporate Registry using a single website. In May 2012, application development began to automate the entry of Business Portal transactions into the Ministry's revenue management system. Completion is slated for fall of 2012.

Performance Measure & Results:

Client Satisfaction (of Businesses which Collect Taxes on behalf of Government)

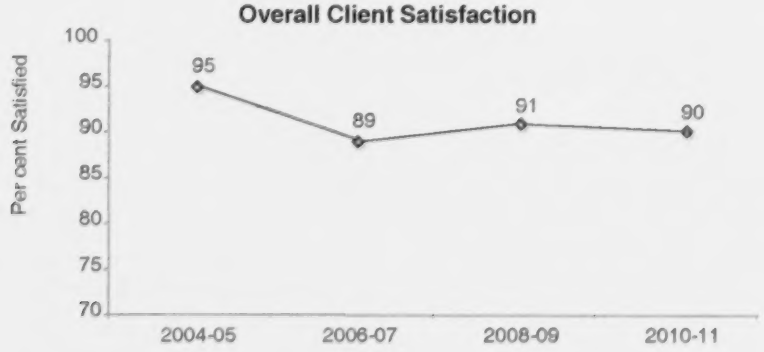
In 2002-03, the Ministry of Finance committed to conducting bi-annual client satisfaction surveys of businesses collecting taxes on behalf of Government. This measures whether these clients are satisfied with the Ministry's quality of service and timeliness of responses, refunds, and adjustments. This allows businesses to evaluate the Ministry's performance and helps the Ministry to determine potential improvements for the timeliness of responses, refunds, and adjustments.

In 2010, surveys were sent to 534 businesses based on a random sample of businesses that collect Provincial Sales Tax, Fuel Tax, Tobacco Tax and Corporation Capital Tax. The response rate for the surveys was 28 percent.

The highest satisfaction rating related to "helpfulness of staff" where 93 per cent of respondents were satisfied or very satisfied. The overall satisfaction rating for all questions and all tax types was 90 per cent, down slightly from 91 per cent in 2008, but up slightly from 89 per cent in 2006.

The bi-annual client satisfaction survey will be conducted again in 2012-13 as a means of measuring client satisfaction.

Overall Client Satisfaction



Source: Ministry of Finance Surveys

Progress in 2011-12 (cont'd)

Provide quality service to pension and benefit plan supervisory boards, and plan members.

- Last year the Municipal Employees' Pension Commission received results from the last survey of Municipal Employees' Pension Plan (MEPP) members and employers. Survey results showed that MEPP is highly valued by members and also indicated that some members lack an understanding of how their defined benefit plan works. In response, MEPP has been working to enhance communication to its members by personalizing aspects of the annual Member Statement and creating an online video to help explain elements of the personalized member statement. As well, a number of Retire*With*Ease, retirement planning workshops, were facilitated for MEPP members in various locations throughout Saskatchewan.
- In 2011, the Public Employees' Pension Board conducted an investment option review for the Public Employees' Pension Plan (PEPP). The review confirmed that the fundamental design of the Plan's investment options is sound and identified some new opportunities. As a result, the Board identified a number of investment option initiatives that will be rolled out over the next three years. The new initiatives are designed to provide members with improved returns over the long term, reduce their risk of loss, and provide them with retirement income guidance.

Strategy – Demonstrate leadership for good governance, transparency, and accountability across government

Key Action & Results

Ensure *The Growth and Financial Security Act* requirements are met by: providing decision makers with revenue and expenditure projections on a timely basis; reviewing programs and expenditures; and, monitoring the size of the public service and publicly reporting on its size relative to the Saskatchewan population.

- The Ministry provided timely forecasting to inform the budget development and decision-making processes.
- In addition, Finance encouraged greater attention on program review and evaluation to support government decision-making and resource allocation for programs and services. Ministries were asked to report the impact that Lean projects had on the effectiveness and efficiency of programs and services delivered directly by government.
- The size of the public service was monitored using FTE forecasts submitted by ministries at mid-year and third quarter. Finance provided this information to Treasury Board during the 2012-13 budget development process to support decision-making on FTE resource allocation. Finance has reported the size of the public service as a percentage of the population for the last four years, using 2007-08 as the base year.

Progress in 2011-12 (cont'd)

Performance Measure & Results:

Public Service as a Percentage of the Saskatchewan Population

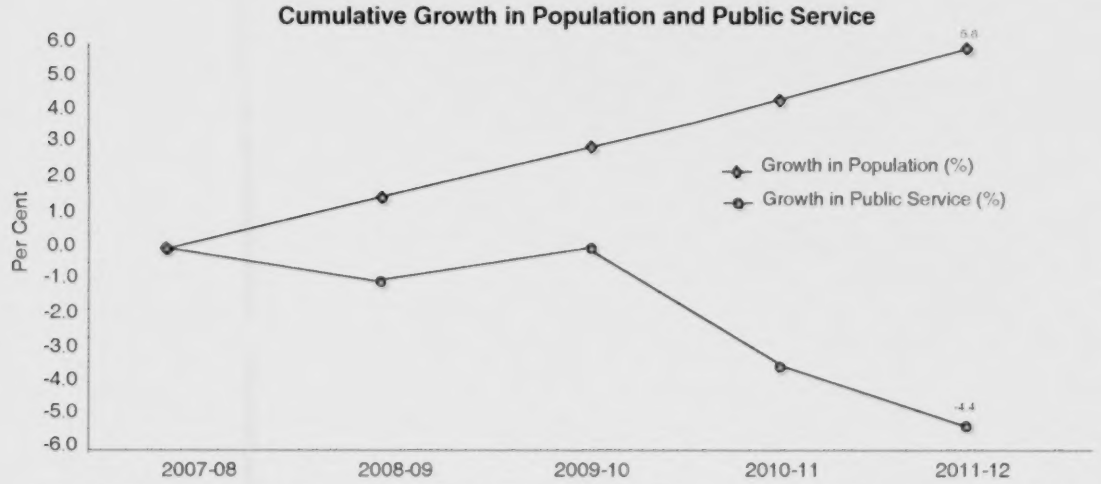
The Growth and Financial Security Act requires Treasury Board to monitor the size of the public service and determine if it is growing or diminishing as a percentage of the population. This measure assists Treasury Board in making decisions with respect to controlling the size of the public service while balancing Government priorities such as improving programs and providing quality services to the public. The publication of this measure supports Government's commitment to increased transparency and accountability.

The table and graph below show that the Saskatchewan population is growing steadily while the size of the public service declined in 2008-09, rebounded in 2009-10, then declined significantly in 2010-11 and 2011-12. As a percentage of the population, the public service decreased from 1.24 per cent in the base year to 1.12 per cent in 2011-12. Between 2007-08 and 2011-12, the Saskatchewan population grew by 5.8 per cent while the public service declined by 4.4 per cent.

Public Service as a Percentage of the Saskatchewan Population

	2007-08 (Base Year)	2008-09	2009-10	2010-11	2011-12	Per cent Change From Base[4]
Population at July 1[1]	1,000,257	1,013,922	1,029,325	1,044,028	1,057,884	5.8%
Public Service FTEs[2]	12,405	12,284	12,400	11,967	11,863	-4.4%
Public Service as percentage of population[3]	1.24%	1.21%	1.20%	1.15%	1.12%	-.12pp[5]

1. Population statistics are obtained from Statistics Canada (population at July 1 of the fiscal year). This data is also available on the Bureau of Statistics website (www.stats.gov.sk.ca)
2. Public Service is defined as those employed under *The Public Service Act, 1998* and therefore, does not include ministerial assistants and those employed under personal service contracts. An FTE is calculated as the number of paid hours in the year divided by the number of hours a full-time employee would normally be paid. This calculation converts part-time, full-time, temporary, and seasonal employees into a measure that treats all paid employees as if they were full-time for the entire year.
3. Annual FTEs are determined and then divided by the population of Saskatchewan at July 1 of the fiscal year.
4. The per cent change from base is calculated using the following formula: ((Data for year of interest – Data for 2007-08) / (Data for 2007-08)) x 100.
5. The improvement, in percentage points, in the measure since the base year. This number is calculated using the following formula: per cent measure in 2011-12 less the per cent measure in 2007-08.



Note: 2007-08 is the base year to measure changes in population and the public service pursuant to The Growth and Financial Security Act.
Source: Ministry of Finance

Progress in 2011-12 (cont'd)

Supplementary Detail for the Performance Measure:
2011-12 Workforce Utilization of Executive Government

Ministries	2011-12 Estimated FTEs [1]	2011-12 Actual FTEs	Variance [2]
Advanced Education, Employment and Immigration	413.8	410.7	(3.1)
Agriculture	461.0	451.2	(9.8)
Corrections, Public Safety and Policing	1,998.4	2,218.0	219.6
Education	310.4	285.1	(25.3)
Energy and Resources	258.5	268.8	10.3
Environment	992.8	943.7	(49.1)
Executive Council	98.3	84.7	(13.6)
Finance	310.3	304.7	(5.6)
First Nations and Métis Relations	66.0	60.9	(5.1)
Government Services	738.2	738.1	(0.1)
Health	551.9	542.1	(9.8)
Highways and Infrastructure	1,510.0	1,392.5	(117.5)
Information Technology Office	280.3	263.4	(16.9)
Justice and Attorney General	881.0	957.2	76.2
Labour Relations and Workplace Safety	146.1	147.3	1.2
Municipal Affairs	134.8	127.3	(7.5)
Office of the Provincial Capital Commission	6.0	7.7	1.7
Office of the Provincial Secretary	23.4	20.0	(3.4)
Public Service Commission	341.8	327.8	(14.0)
Social Services	1,895.4	1,943.7	48.3
Tourism, Parks, Culture and Sport	386.3	406.8	20.5
Ministry FTEs	**11,804.7**	**11,901.7**	**97.0**
Public Employees' Benefits Agency [3]		100.9	
Personal Service Contract Employees [4]		(40.6)	
Ministerial Assistants [5]		(98.9)	
Public Service FTEs		**11,863.1**	

1. Full-time equivalents (FTEs) are defined in the regulations of *The Growth and Financial Security Act*. The values presented in this column are consistent with the FTEs included in the 2011-12 Budget Estimates.

2. Each Ministry's Annual Report explains the variance between budget and actual FTE utilization.

3. Public Employees' Benefits Agency employees are employed under *The Public Service Act, 1998*.

4. Personal service contract employees are not employed under *The Public Service Act, 1998*.

5. Ministerial assistants are employed under a ministerial service agreement to provide services to ministers and the Premier of Executive Council. They are not employed under *The Public Service Act, 1998*.

Progress in 2011-12 (cont'd)

Continue to collaboratively identify ways to improve Government's "managing for results" accountability system, placing increased focus on performance measures and evaluation to support Government's interest in public service renewal.

- Ministry plans were aligned with the vision and goals identified in the 2011 election platform and the themes identified in the *Government Direction for 2012-13*. Finance consulted with ministries to make improvements to the plans and budget submissions, sharing templates and providing guidance to improve the quality of the documents and the process for decision making.
- Through mid-year reporting, Finance holds ministries accountable for progress being made, or not being made, on Government commitments and the key actions and performance measures identified in the ministry plans. The Performance Management Branch provides guidance and supports ministries in moving towards best practices in reporting at mid-year and after the close of the year in the annual reports.

Performance Measure & Results:

Provincial Auditor's Assessment of Government's Accountability Systems

The Ministry of Finance uses the Provincial Auditor's assessment of government's accountability systems to gauge progress on the Ministry's efforts to promote accountable government. The table below shows that the Provincial Auditor's approach has changed over the years.

From 2003 to 2006, the Provincial Auditor held a positive view of government's overall approach to its accountability system, the guidelines provided to ministries, and the annual reports produced by the ministries. In 2007, the Auditor was only partially satisfied, indicating that progress was not being made on the full implementation of the "The Canadian Comprehensive Auditing Foundation (CCAF) Nine Principles" for public reporting, as originally intended.

In 2009, the Provincial Auditor's assessment was again more positive, indicating that government's overall approach to accountability was improving as were the individual ministry plans and annual reports. In the fall 2010 Report, the Provincial Auditor did not write a specific chapter on government accountability. This resulted in a lack of data for this performance measure in 2010.

In the fall of 2011, the Provincial Auditor again reviewed a sample of annual reports to determine how well ministries and agencies were achieving 'best practices'. In this review, the Provincial Auditor assessed the annual reports according to the Public Sector Accounting Board (PSAB) Statement of Recommended Practice (SORP-2) principles for effective reporting.

Provincial Auditor's Assessment of Government's Accountability Systems

Provincial Auditor's Report	Satisfaction with processes and/or guidelines	Assessment of Ministry plans and reports
2011 Report, Vol. 2, Ch 26.B	Yes	Improving
2010 Report	N/A	N/A
2009 Report, Vol. 3, Ch.19	Improving	Improving
2008, Vol. 3, Ch. 20	Partial	N/A
2007, Vol. 3, Ch. 9	Partial	N/A*
2006, Vol. 3, Ch. 14	Yes	Positive
2005, Vol. 3, Ch. 9 & 11	Yes	Positive
2004, Vol. 3, Ch. 15	Yes	Positive
2003, Vol. 3, Ch. 13	Yes	Positive

Source: Provincial Auditor's Reports, available online at www.auditor.sk.ca

* The Provincial Auditor's (PA) approach to assessing government's accountability system has differed over the years. From 2003-06, the PA assessed Finance's processes, guidelines and a small sample of ministry plans. From 2007 on, the PA's focus shifted to solely examine government's accountability system and processes. In 2009, the PA assessed only a small sample of ministries but concluded that "public plans of ministries are improving". In 2010, a chapter related to government accountability was not included in the Fall Report. In 2011, the PA resumed its review of a sample of annual reports as well as government's overall system.

Progress in 2011-12 (cont'd)

In 2011, the Provincial Auditor concluded that the quality of the annual reports assessed had improved, were accessible on the website, linked to the Government's overarching direction document and, for the most part, reflected best practices. The Provincial Auditor also concluded that the guidelines provided by the Ministry of Finance "support quality reporting ... provided agencies with sound guidance ... (and) were generally consistent with best practices other than they did not expect agencies to include performance targets." The Provincial Auditor went on to recommend that the Ministry of Finance encourage ministries to disclose performance targets in their annual reports.

While this performance measure is deemed to be an important and impartial assessment of government's collective work on "managing for results", it also presents some challenges:

- Elements proposed by the CCAF or PSAB, such as the publication of targets and the description of a ministry's capacity to meet outcomes, are voluntary and proving to be difficult to implement in public sector environments. These are common challenges, found in many other jurisdictions, as governments strive to improve their reporting on public sector performance.

This performance measure is not solely within the control of the Ministry,however, steps are taken across government to continually improve the quality, reliability and accessibility of documents, thereby increasing transparency and public accountability.

Provide guidelines, training, tools and supports to improve system-wide capacity for strategic planning, performance measurement, program evaluation, and reporting.

In an effort to support system-wide capacity, PMB undertook the following activities.

- Developed and provided guidelines, "checklists", and/or templates for the development of environmental scans, ministry plans, mid-year reporting, annual reports and highlights sheets.
- PMB delivered presentations to new managers and employees on Government's planning and budgeting process through PSC's Onboarding Program in addition to client ministries and other audiences, as requested.
- In addition to the ongoing contact PMB maintains with its client ministries, relationships continue to be strengthened with planning professionals through the Public Service Planning Network (PSPN) and the accompanying SharePoint site.
- Preliminary work was done on developing online training material as an educational tool and to improve accessibility and engagement. PMB continues to publicly post on the Finance website information related to process, guidelines, best practices in planning and reporting that can be shared with other ministries, the public and across jurisdictions.

Provide information on Government's current financial position by issuing timely quarterly financial reports to the public.

- Finance issued timely quarterly financial reports to the public. During 2011-12, the Government released the First Quarter Financial Report on July 21, 2011, the Mid-Year Report on November 28, 2011, and the Third Quarter Financial Report on February 10, 2012.

Prepare timely, reliable, and relevant General Revenue Fund and Summary Financial Statements.

The Public Accounts are key financial accountability documents that are publicly released on an annual basis. The Public Accounts are prepared and tabled in accordance with *The Financial Administration Act, 1993* (FAA). The Ministry prepares and publishes the Public Accounts, pulling

Progress in 2011-12 (cont'd)

together information from ministries and other government organizations. Volume 1 of the Public Accounts contains the General Revenue Fund (GRF) Financial Statements and the Summary Financial Statements (SFS).

Government's financial statements demonstrate accountability for the resources, obligations, and financial affairs for which the Government is responsible. Continued strong financial reporting through timely, reliable and relevant financial statements is essential to strong accountability.

Timeliness of financial statements contributes to government's accountability. Under the FAA, the Public Accounts must be tabled on or before October 31st. In 2000, the Government established a policy of tabling Volume 1 of the Public Accounts on or before August 1.

- The Ministry prepared the GRF and Summary 2010-11 financial statements. Volume 1 was tabled on June 24, 2011, the twelfth year in a row that it has been released by August 1. The timely reporting of Volume 1 demonstrates Finance's leadership for good governance, transparency, and accountability across government.
- The Ministry developed processes to acquire the information needed to appropriately incorporate the financial information for those organizations included in the SFS which were required to adopt International Financial Reporting Standards (IFRS) in 2011.

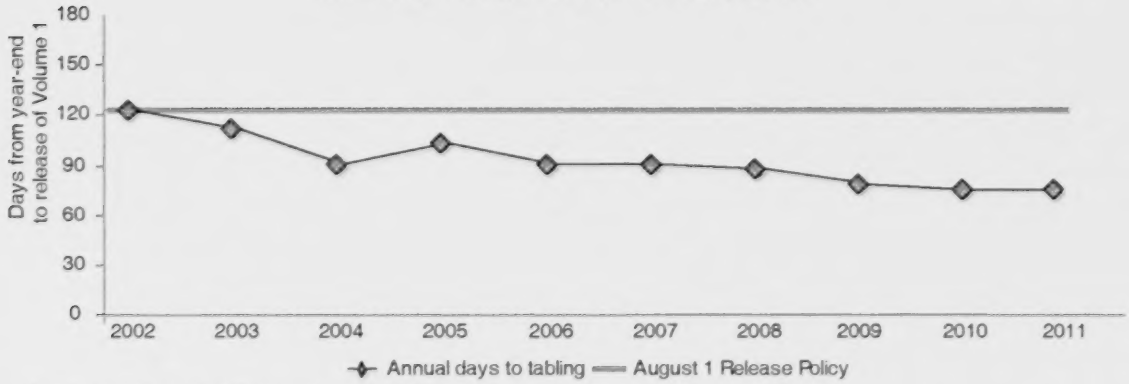
Performance Measure & Results:

Timeliness of the Release of Public Accounts, Volume 1

Reliability of the financial statements also contributes to the government's accountability. Financial statements with few (or no) audit qualifications are considered more reliable than those that have many.

- The SFS continued to receive a clean audit opinion. The GRF financial statements continued to receive a qualified audit opinion for the pension liability, which is

Timeliness Trend
Release of Volume 1 of the Public Accounts



Source: Saskatchewan Public Accounts

Progress in 2011-12 (cont'd)

disclosed in the notes rather than accrued on the statements and for transfers between the GRF and the Growth and Financial Security Fund, which are recorded in accordance with legislation.

Relevance of financial statements contributes to government's accountability. Financial statements that comply with PSAB standards are considered more relevant than those that do not.

- The GRF financial statements and the SFS are relevant. All PSAB recommendations have been implemented in the SFS. One recommendation, recording pensions on an accrual basis, remains unimplemented in the GRF. The Government's GRF financial statements continue to disclose the pension liability in the notes and expense actual cash payments to retired plan members and cash contributions to its pension plans.

Provide input into the activities of Canadian and international accounting standard setting bodies.

Accounting policies continue to evolve and have implications for the Government of Saskatchewan. Providing input into the activities of government accounting standard setting bodies ensures accounting policies result in relevant and reliable government financial statements.

- PSAB activities were closely monitored and the Provincial Comptroller's Office provided feedback to PSAB on all documents issued for comment. The review of PSAB's conceptual framework, which contains the fundamental concepts upon which accounting standards are based, is a key area of focus.
- The Ministry continued implementation of recently issued accounting standards on government transfers (grants), financial instruments, foreign currency translation and tax revenue.
- The Ministry continued to monitor international accounting standards, particularly those that may influence Canadian accounting practices and provided feedback to the International Public Sector Accounting Standards Board (IPSASB) where deemed appropriate.

Review and approve financial statements of Treasury Board Crowns and agencies.

- Financial statements of 108 entities were reviewed and approved before tabling; 98 were tabled on time (91 per cent).

Performance Measure & Results:

Percentage of Entities Meeting Tabling Deadline

Year	Percentage of Entities Meeting Tabling Deadline
2011-12	91%
2010-11	86%
2009-10	86%
2008-09	77%
2007-08	76%
2006-07	84%
2005-06	84%
2004-05	81%

Source: Legislative Assembly of Saskatchewan website

The financial statements of government entities are prepared pursuant to their enabling legislation. In accordance with *The Tabling of Documents Act, 1991*, entities are required to table their financial statements within 120 days of their year-end. Continued strong financial reporting by government entities is essential to strong accountability.

The Ministry, on behalf of Treasury Board, provides approval of the form and content of the financial statements in advance of the tabling. Finance is proactive in ensuring government entities table their financial statements on time (e.g., clearly communicates tabling deadlines) and monitors compliance with the tabling deadlines. Finance's role contributes to timely, reliable, and relevant financial reporting by Treasury Board Crowns and agencies and

demonstrates Finance's leadership for good governance, transparency, and accountability across government.

Work with ministries and the federal government to develop fair and effective federal/provincial agreements that address common interests.

- This work is intended to ensure that the financial implications of federal-provincial agreements are properly accounted for and have received appropriate approval. Reviews of these agreements are reported to the Minister of Finance throughout the year. During 2011-12, approximately 50 federal-provincial fiscal agreements were reviewed and proceeded to Cabinet for approval.

Provide analysis and advice on public sector bargaining issues and compensation strategies.

- The 2007-2011 round of collective bargaining has been substantially concluded.
- Provided regular updates and recommendations to the Sub-Committee on Public Sector Bargaining (Sub-Committee) on ongoing bargaining and other matters affecting labour relations.
- Communicated the Government's market-competitive approach to collective bargaining among public sector employers.
- Met regularly with government agencies and other public sector employers, including significantly enhanced coordination with officials at CIC and among CIC Crowns.
- Provided assistance to the various public sector groups developing bargaining proposals, conducting negotiations and achieving collective bargaining settlements.
- Maintained and enhanced networking contacts with key information sources among employers outside of the public sector portfolio, as well as in other Canadian jurisdictions.

Strategy – Explore taxation agreements that mutually benefit First Nations and the Province

Key Actions & Results

Continue to talk with interested First Nations about Tax Administration Agreements where the Province would relinquish the authority to levy the Liquor Consumption Tax on-reserve and allow the First Nation to levy its own fee on liquor sales on-reserve. These Agreements require the First Nations fee to be in the same form and level as levied off-reserve by the Province under *The Liquor Consumption Tax Act*, with all on-reserve revenue going to the First Nation.

- In 2007, an agreement was reached between the Province and a First Nations Band that replaces the liquor consumption tax (LCT) with a Band-imposed fee.
- In 2009-10 the Province entered into an additional four agreements with First Nations Bands to vacate the LCT in lieu of a Band liquor consumption fee (LCF).
- During 2011-12, the Ministry continued to explore opportunities where mutually beneficial agreements such as this can be reached. To date, the Province has agreements with five First Nations that replace the LCT with the Band LCF.

Progress in 2011-12 (cont'd)

Strategy – Improve the effectiveness and efficiency of the Ministry's programs and services so as to ensure the best use of public funds

Key Actions & Results

Continue to implement a management practice of assessment and continuous improvement to ensure a robust, objective, and multi-year assessment function.

- The Ministry of Finance led and participated in a number of initiatives in 2011-12 to improve the effectiveness and efficiency of ministry and government processes.

Improve the efficiency and effectiveness of the accounts payable processing function by consolidating the function in a centralized unit, redesigning and standardizing related processes and implementing enhancements to the MIDAS financial system to increase automation.

- Development work continued on the Accounts Payable Project, which was initiated in 2010-11 to improve the efficiency and effectiveness of the Government of Saskatchewan's accounts payable processing function. Improvements will be achieved through consolidating the function into a single centralized unit, redesigning and standardizing related processes and implementing enhancements to the MIDAS financial system to increase automation. Full implementation is scheduled to be completed by September 2012.

Continue to lead a cross-ministry Lean project on expense forecasting to support informed decision-making in Government by implementing process improvements, building capacity for more accurate forecasting, and monitoring key project metrics.

- The cross-ministry Lean project on expense forecasting was conducted in December 2010. The project was aimed at improving the quality and timeliness of forecast information and reducing the time and resources that are required within ministries every month to complete the expense forecast.
- Improvements to the expense forecast process have resulted in more streamlined approval processes, timelier forecasts and better communication with ministries. A follow-up event was held with participating ministries in August 2011 to address the variability in expenditure forecasting activities. A guide was developed to provide a forecast support tool for managers across executive Government. Results will continue to be monitored within Finance and across ministries. Recommendations resulting from the initiative also included the analysis of a possible systems solution; the Ministry is continuing to assess potential system options.

Lead a cross ministry Lean project on FTE forecasting to promote more timely and accurate FTE forecasting and improved human resource management across government by providing tools, training, revised formats and processes, and monitoring progress of this initiative.

- Further improvements resulting from the FTE Lean project initiated in 2010-11 included the development of tools and resources to assist ministries in understanding, forecasting and reporting FTEs. A Frequently Asked Questions (FAQ) document was developed in coordination with the Public Service Commission to provide ministries with additional information about FTEs. A redesigned forecasting template included instructions on how to complete the forecast and standardized variance explanations to simplify information gathering. To date, results of these changes have been positive and the timeliness and accuracy of FTE forecasts continues to improve.

Progress in 2011-12 (cont'd)

Implementation of PST Branch LEAN project to improve the timeliness and consistency of PST rulings provided to the public.

- As result of the Lean initiative, the PST Branch created a Continuous Improvement Plan manual which outlines the newer simplified steps and standardized processes now used to help reduce client wait time by improving the quality of research reports as well as increase the accuracy and completeness of responses to the public. These improvements translate into higher staff morale and improved ability to serve the taxpayers of Saskatchewan.

Continue to work on a tax audit selection process and the allocation of audit resources to the highest risk areas.

- A risk based audit selection process which weighs and ranks all files was fully implemented.

Cross-train and develop employee skills to increase staffing flexibility to address needs identified during business planning.

- Where opportunities arose, employees were rotated through different work units to enhance job knowledge.
- Employees completed work plans in order to enhance communication between staff and management, set objectives and identify development opportunities.

Review alternatives for renewal of the Ministry's revenue management system.

- The Ministry is committed to identifying a cost-effective, agile technological solution to replace its aged revenue management systems. In partnership with the Information Technology Office, the Revenue Division began development of a revenue management system renewal strategy that plans for the replacement of legacy systems in Finance and allows for simple integration with other revenue collection activities in government in the future. The strategy is expected to balance the needs of citizens and businesses with the revenue management objectives of government. The strategy will be developed in time for consideration during the preparation of the Ministry's 2013-14 budget proposal.

Continue the roll-out of the Real-Time Validation System to on-reserve stores on the basis of location, economic viability, and internet access to provide instant approval for tax-free purchases of fuel and tobacco made on-reserve by eligible purchasers.

- The Ministry has implemented phase one of a system for real-time validation of tax-free on-reserve sales of tobacco and fuel to qualified First Nations purchasers. This system improves enforcement of legal limits and contains several features to assist retailers, including enhanced reporting provisions.
- Currently, 47 on-reserve stores have been converted to real time reporting and now submit their sales transactions through the Real Time Validation System (RTVS). These stores account for about 70 per cent of the total tax-free tobacco and fuel sales made on-reserve.
- During 2012-13, expansion of real time reporting to additional on-reserve retailers will be continued using a phased approach. Eight market regions were included in the initial RTVS implementation. Additional market regions have been identified and the Ministry is currently assessing the feasibility of expanding the project into those regions.

Progress in 2011-12 (cont'd)

Increase direct deposit utilization and reduce number of advices printed and distributed by offering e-mailed advices to suppliers.

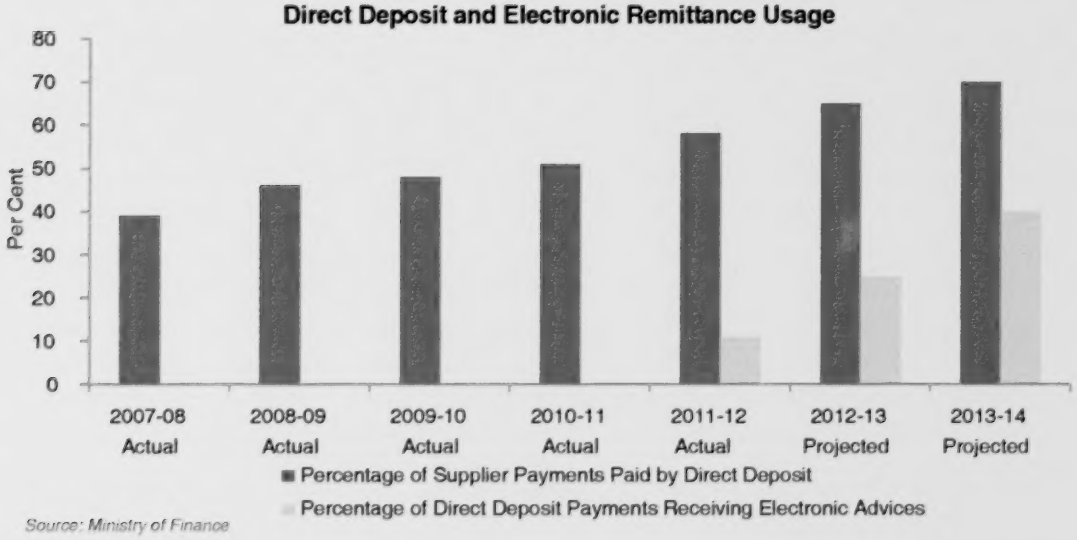
- Work continued on a three-year campaign that began the fall of 2010 to increase direct deposit and electronic advice use by suppliers that do business with the Government.

Performance Measure & Results:

Direct Deposit Usage and Electronic Advice Usage for Supplier Invoices Paid by the Government

Continued improvements in the efficiency of the Government's payment processes through the use of direct deposit and electronic advices, contributes to the best use of public funds.

Currently, 57 per cent of supplier payments are made by direct deposit with 11 per cent receiving electronic advices. The target is to increase that to 70 per cent direct deposit; and of those receiving direct deposit, the target is to have 40 per cent receiving electronic advices. This target is based on a pilot that was conducted during the 2010-11 fiscal year.



Source: Ministry of Finance

Progress in 2011-12 (cont'd)

Continue to expand the Government's purchase card program, including implementing a one-card solution for purchasing and travel.

- Work continued on implementing a one-card solution for purchasing and travel, and to increase purchase card usage across government.
- A Request for Proposal was conducted for a vendor for government-wide acceptance of debit/credit card payments.

Performance Measure & Results:

Purchase card usage in the Government

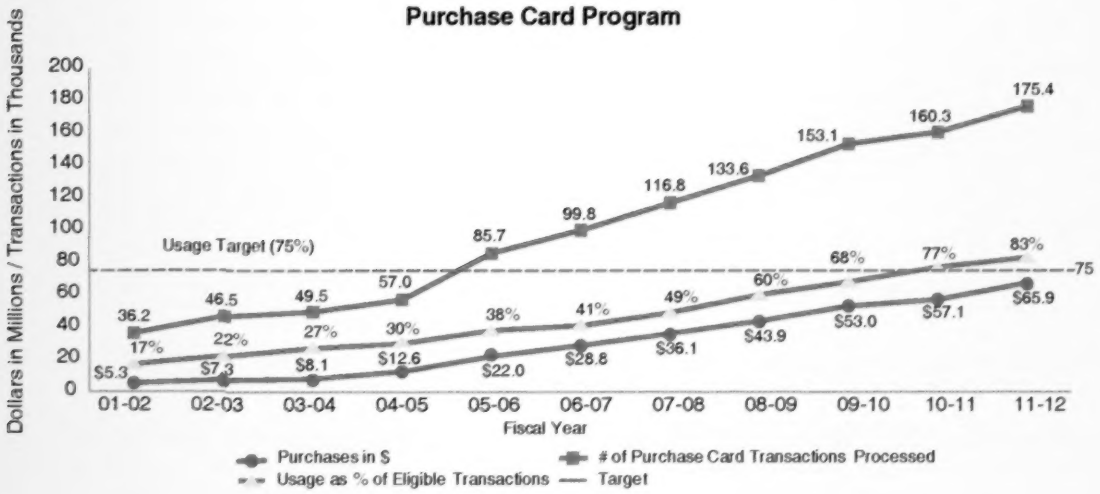
Purchase cards are a cost-effective way of making payments. Through the use of purchase cards, the Government is able to reduce administration and costs associated with the processing and payment of low dollar value purchases of goods and/or services up to a $5,000 per transaction limit.

The total number and dollar value of purchase card transactions provides a measure of the level of efficiency being achieved. Recognizing that not all transactions can be paid by purchase cards, the Government has set a usage target of 75 per cent of eligible purchases.

At the end of 2011-12, the number of purchases has reached 175,000 transactions totalling $66 million. This represents a purchase card usage of 83 per cent, in excess of the 75 per cent usage target. This is a significant improvement from the inception of the purchase card program. The Ministry continues to work to improve the usage across government, which contributes to the best use of public funds.

Increase efficiencies in the process for approval and tabling of financial statements of Treasury Board Crowns and agencies.

- A Lean initiative was undertaken to increase efficiencies in the processes for the approval and tabling of financial statements of Treasury Board Crowns and agencies. Efficiencies to processes were implemented in 2010-11.



Source: Ministry of Finance Statistical Reports

2011-12 Financial Overview

Expense

In 2011-12, the Ministry had expenses of $358.2 million, an increase of $18.5 million from the Budget Estimate of $339.8 million. Excluding pensions and benefits, the Ministry spent $76.3 million, an increase of $17.4 million from the Budget Estimate of $58.9 million primarily due to higher than budgeted Research and Development Tax Credit costs for the 2010 and 2011 tax years and for increased capital costs related to the Accounts Payable Project, offset by salary savings due to vacancies. Special warrant funding of $18.7 million was received by the Ministry to fund these increases.

Spending for pensions and benefits was $281.9 million, an increase of $1.1 million from the Budget Estimate of $280.9 million. This increase was due to the $9 million liability expensed for the Extended Health Care Plan offset by lower than anticipated employer pension costs under the Public Service Superannuation Plan and the Public Employees' Pension Plan. Sufficient appropriation did not exist for the entire $9.0 million expense and as a result, $5.5 million has been recorded against the Ministry's 2012-13 appropriation, per subsection 37(3) of *The Financial Administration Act, 1993*.

2011-12 Financial Overview (cont'd)

Ministry of Finance Expense

Program	2010-11 Actual	2011-12 Budget	2011-12 Actual	2011-12 Variance	
		(in thousands of dollars)			
Central Management and Services	**$ 6,585**	**$ 6,346**	**$ 6,726**	**$ 380**	1
Treasury and Debt Management	**1,976**	**2,328**	**1,902**	**(426)**	2
Provincial Comptroller	**8,561**	**12,517**	**12,705**	**188**	
Budget Analysis	**4,754**	**5,018**	**4,856**	**(162)**	
Revenue	**19,070**	**16,893**	**16,839**	**(54)**	
Revenue Division	15,460	14,343	14,219	(124)	
Allowance for Doubtful Accounts	2,300	1,100	1,100	0	
CRA Income Tax Administration	1,310	1,450	1,520	70	
Personnel Policy Secretariat	**408**	**469**	**390**	**(79)**	
Research and Development Tax Credit	**12,000**	**15,000**	**33,839**	**18,839**	3
Miscellaneous Payments	**74**	**140**	**37**	**(103)**	
Bonding of Public Officials	74	65	37	(28)	
Unforseen and Unprovided For	0	50	0	(50)	
Implementation of Guarantees (Statutory)	0	25	0	(25)	
Public Service Pensions and Benefits	**260,438**	**280,860**	**281,929**	**1,069**	
Public Service Superannuation Plan (Statutory)	121,394	130,657	126,458	(4,199)	4
Members of the Legislative Assembly – Pensions and Benefits (Statutory)	3,124	2,939	2,599	(340)	5
Judge's Superannuation Plan (Statutory)	3,844	3,996	3,994	(2)	
Public Employees' Pension Plan	55,038	58,823	56,609	(2,214)	6
Canada Pension Plan – Employer's Contribution	26,820	27,413	27,089	(324)	7
Employment Insurance – Employer's Contribution	12,064	11,932	12,505	573	8
Workers' Compensation – Employer's Assessment	9,101	9,032	8,906	(126)	
Employees' Benefits – Employer's Contribution	32,905	34,568	42,672	8,104	9
Service to Public Service Superannuation Plan Members	1,165	1,500	1,097	(403)	10
Public Employees' Benefits Agency Revolving Fund – Net Expense (Recovery) (Statutory)	(5,017)	0	0	0	
Appropriation	**313,866**	**339,571**	**359,223**	**19,652**	
Less: Capital Asset Acquisitions	(853)	(950)	(2,077)	(1,127)	11
Add: Capital Asset Amortization	1,089	1,150	1,091	(59)	
Expense	**$ 314,102**	**$ 339,771**	**$ 358,237**	**$ 18,466**	

Note: Totals may not add due to rounding

Explanation of Major Variances (greater than $300K):

1. Salary pressures and additional consulting costs offset by lower than anticipated IT costs.
2. Lower than anticipated bank services charges, custodian fees, and system consulting & support costs.
3. Higher than anticipated Research and Development Tax Credit costs for 2010 and 2011 tax years.

2011-12 Financial Overview (cont'd)

4. Lower than anticipated superannuation allowances paid to retirees.
5. Lower than anticipated actual rate of return for Supplementary Retirement Plan.
6. Lower than anticipated salaries across government.
7. Lower than anticipated salaries across government offset by January 1, 2012, rate increase.
8. Increased costs due to January 1, 2012, rate increase.
9. Extended Health Care Plan liability offset by lower than anticipated actual costs.
10. Reduced administration costs as a result of vacancies and staff being utilized for other plans.
11. Higher than anticipated capital asset acquisitions due to system development costs for the Accounts Payable Project being higher than anticipated, which resulted in the threshold/guidelines for capitalization being met. Additional capital was also required for the completion of the 6th floor renovation project to accommodate Regina Field Audit staff previously located at the CBC Building.

Revenue

The Ministry of Finance collects revenue relating to taxation, non-renewable resources via the Resource Surcharge, transfers from government entities, interest, premium, discount and exchange, motor licence fees, transfers from the federal government, and other smaller revenue sources. All revenue collected is deposited into the General Revenue Fund (GRF). In 2011-12, the Ministry collected $7.8 billion in revenue which accounted for 70 per cent of total GRF revenue.

Actual revenue at the Ministry of Finance was $61.5 million (0.8 per cent) higher than budget. The increase from budget is largely due to:

- a $164.0 million increase in transfers from Crown entities, primarily due to an unbudgeted dividend from the Crown Investments Corporation of Saskatchewan (CIC) and higher net income at the Saskatchewan Liquor and Gaming Authority (SLGA);
- a $116.2 million increase in other own-source revenue, primarily due to higher interest earnings;
- a $14.5 million increase in the Resource Surcharge; partially offset by,
- a $232.9 million decrease in taxation revenue, largely due to lower Corporation Income Tax; and,
- a $0.2 million decrease in federal transfers.

The following section shows estimated and actual revenue, describes the Ministry's revenue sources and includes variance explanations for changes greater than $10 million.

2011-12 Financial Overview (cont'd)

Ministry of Finance Revenue

Source	2011-12 Budget	2011-12 Actual	2011-12 Variance
		(in thousands of dollars)	
Corporation Income Tax	$1,080,700	$793,790	($286,910)
Fuel Tax	461,300	475,452	14,152
Individual Income Tax	1,915,200	1,897,409	(17,791)
Provincial Sales Tax	1,270,700	1,322,161	51,461
Tobacco Tax	253,200	242,853	(10,347)
Other Taxes	278,700	295,229	16,529
Taxes	**5,259,800**	**5,026,894**	**(232,906)**
Resource Surcharge	438,300	452,807	14,507
Non-Renewable Resources	**438,300**	**452,807**	**14,507**
Crown Investments Corporation of Saskatchewan	110,000	110,000	0
- Special Dividend	10,000	130,000	120,000
Saskatchewan Liquor and Gaming Authority	422,000	465,917	43,917
Other Enterprises and Funds	25,916	26,014	98
Transfers from Crown Entities	**567,916**	**731,931**	**164,015**
Interest, Premium, Discount and Exchange	135,387	240,450	105,063
Motor Vehicle Fees	162,000	173,151	11,151
Other Licences and Permits	84	83	(1)
Sales, Services and Service Fees	19	19	0
Other	2,599	2,546	(53)
Other Revenue	**300,089**	**416,249**	**116,160**
Canada Health Transfer	847,100	846,771	(329)
Canada Social Transfer	352,700	352,420	(280)
Other	10,049	10,422	373
Transfers from the Federal Government	**1,209,849**	**1,209,613**	**(236)**
Total Ministry of Finance Revenue	**$7,775,954**	**$7,837,494**	**$61,540**

Note: Totals may not add due to rounding

Explanation of Major Variances:

Corporation Income Tax

Corporation Income Tax (CIT) is administered on the Province's behalf by the federal government using a common national determination of corporation taxable income. For a particular taxation year, the federal government makes instalment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed. These reconciliations are accounted for approximately 15 months after the end of a taxation year (i.e. the adjustment payment for the 2010 taxation year was received by the GRF in the fourth quarter of 2011-12).

CIT revenue decreased $286.9 million, or 26.5 per cent, from the Budget Estimate, primarily due to weaker-than-budgeted final assessment data for the 2010 taxation year, combined with higher-than-budgeted tax credit claims, which results in a large negative prior-year adjustment payment.

2011-12 Financial Overview (cont'd)

Fuel Tax

Fuel Tax is levied on purchases of all types of fuel under the authority of *The Fuel Tax Act, 2000*. The tax ranges from a fixed rate of 1.5 cents per litre on aviation fuel to 15 cents per litre on gasoline and diesel. Saskatchewan provides a 100 per cent exemption for farm-use diesel fuel and diesel fuel used by primary producers in their off-road activities, as well as an 80 per cent exemption for farm-use unleaded gasoline purchased at bulk-fuel dealers. On-reserve retailers are also eligible to receive a refund of the Fuel Tax on eligible purchases by First Nations individuals, as are commercial aircraft carriers that purchase fuel for international flights.

Fuel Tax revenue increased $14.2 million, or 3.1 per cent, from the Budget Estimate, primarily due to stronger-than-expected economic growth and an extended construction season due to mild weather.

Individual Income Tax

Saskatchewan's Individual Income Tax is administered on the Province's behalf by the federal government using a common national determination of taxable income. For a particular taxation year, the federal government makes instalment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed. These reconciliations are accounted for approximately 15 months after the end of a taxation year (i.e. the adjustment payment for the 2010 taxation year was received by the GRF in the fourth quarter of 2011-12).

Individual Income Tax revenue decreased $17.8 million, or 0.9 per cent, from the Budget Estimate, primarily due to a negative prior-year reconciliation payment related to weaker-than-anticipated tax assessments for 2010.

Provincial Sales Tax

The Provincial Sales Tax (PST) rate is a five per cent sales tax applied to the purchase, importation, or rental of certain goods and services.

PST Revenue increased $51.5 million, or 4.0 per cent, from the Budget Estimate, primarily due to higher-than-budgeted economic activity and strong retail sales.

Tobacco Tax

Tobacco Tax is levied on purchases of all types of tobacco under the authority of *The Tobacco Tax Act, 1998*. A component of Saskatchewan's Tobacco Tax is the refund available to on-reserve retailers for eligible purchases by First Nations individuals. On July 1, 2010, the weekly limit for on-reserve tax-free purchase of tobacco products by First Nations individuals was reduced to 200 cigarettes (one carton) from 600 cigarettes (three cartons).

Tobacco Tax revenue decreased $10.3 million, or 4.1 per cent, from the Budget Estimate, primarily due to lower-than-budgeted consumption.

Other Taxes

Other Tax revenue collected by the Ministry of Finance includes Corporation Capital Tax (CCT), Liquor Consumption Tax (LCT), Insurance Premiums Tax, Motor Vehicle Insurance Tax, Fire Prevention Tax, Pari-Mutuel Tax and Succession Duties.

CCT is a tax levied on Crown corporations and financial institutions on the amount of paid-up capital in excess of $10.0 million. An additional exemption of up to $10.0 million is available to corporations depending on the proportion of total wages and salaries that are paid in Saskatchewan.

2011-12 Financial Overview (cont'd)

LCT is a 10 per cent tax on the total selling price of beer, wine and spirits.

The various insurances taxes collected by the Ministry are primarily a levy on premiums, ranging from one to four per cent.

The Succession Duty Act was repealed on January 1, 1977. Any revenue received is from prior to that date.

Other tax revenue increased $16.5 million, or 5.9 per cent, from the Budget Estimate primarily due to higher-than-budgeted CCT revenue and Insurance Premiums Tax revenue, both of which are related to stronger-than-expected economic activity.

Resource Surcharge

The Resource Surcharge, levied under *The Corporation Capital Tax Act*, is charged against the value of resource sales of large resource corporations.

Resource Surcharge revenue increased $14.5 million, or 3.3 per cent, from the Budget Estimate, primarily due to higher-than-expected revenue from the potash sector, partially offset by lower payments from the oil and gas sector.

Crown Investments Corporation of Saskatchewan (CIC)

The regular CIC dividend is reviewed annually by Cabinet and the CIC Board, considering the financial requirements of both the GRF and the Crown corporations. In 2011-12 the regular dividend was $110.0 million, unchanged from budget.

Any special dividend paid by CIC to the GRF is generally related to a one-time event, such as to fund a specific project.

In 2011-12, in addition to a budgeted, special dividend of $10.0 million for green initiatives, CIC provided an unbudgeted, $120.0 million special dividend to the GRF to help offset the costs of spring and summer flooding.

Saskatchewan Liquor and Gaming Authority

The Saskatchewan Liquor and Gaming Authority (SLGA) dividend to the GRF is based on the net income of the Authority. The SLGA is responsible for the distribution, operation and regulation of liquor and gaming activity in the province, including responsibility for the Saskatchewan Indian and Gaming Authority (SIGA). Dividends from SLGA consist of retail liquor net income, gaming (VLT) net income and SIGA net income.

The SLGA transfer to the GRF increased $43.9 million, or 10.4 per cent, from the Budget Estimate as a result of higher-than-expected net income across all business segments at SLGA.

Other Enterprises and Funds

Other Enterprises and Funds include dividends paid to the GRF by other government enterprises and special funds. This includes half of Saskatchewan Gaming Corporation (SGC) net income, combined with one-time dividends from other government entities.

Interest, Premium, Discount and Exchange

Revenue from this source includes interest received on bank deposits, sinking fund earnings, interest on advances, investments and accounts receivable and certain amounts recovered from Crown corporations.

Interest, Premium, Discount and Exchange revenue increased $105.1 million, or 77.6 per cent, from the Budget Estimate, primarily due to unbudgeted gains on the sale of investments.

2011-12 Financial Overview (cont'd)

Motor Vehicle Fees

Revenue from this source includes motor vehicle licences, fees and registrations, and is collected by Saskatchewan Government Insurance (SGI) on behalf of the Province. It does not include any insurance portion of vehicle plating costs.

Motor vehicle fees increased $11.2 million, or 6.9 per cent, from the Budget Estimate primarily due to higher-than-budgeted licences and vehicle registrations as a result of the growing Saskatchewan population.

Other Licences and Permits

Other Licences and Permits revenue consists of annual licence and decal fees collected from inter-jurisdictional truckers under the International Fuel Tax Agreement (IFTA).

Sales, Services and Service Fees

Sales, Services and Service Fees revenue at the Ministry of Finance consists of debt guarantee fees.

Other Revenue

Other revenue consists of all other recurring operational revenue not otherwise classified, including refunds of prior-years' expenditures, recovery of loans, and contributions by employees and others to retirement and insurance plans.

Canada Health Transfer

The Canada Health Transfer (CHT) assists provinces and territories in maintaining the national criteria and conditions in the *Canada Health Act*. Funding for the CHT is made up of cash payments from the federal government and tax transfers to the provinces and territories.

Canada Social Transfer

The Canada Social Transfer (CST) assists provinces and territories in providing post-secondary education, social assistance and social services, including early childhood development and early learning and child care. Funding for the CST is made up of equal per-capita cash payments from the federal government to the provinces and territories.

Other Transfers from the Federal Government

Other federal transfer revenue consists of a legislated subsidy from the Government of Canada, as well as various federal-provincial cost-sharing agreements, including federal funding for targeted initiatives that are funded via third-party trusts and one-time payments.

Revolving Funds

The Ministry is responsible for the Public Employees Benefits Agency Revolving Fund that accounts for the administration costs of the various pension plans and benefit programs administered by PEBA. The costs incurred by the Fund for providing services are allocated to, and reimbursed primarily by, various pension and benefit plans. For more information about this Fund please visit the following website: http://www.peba.gov.sk.ca/Agency/peba_ann_reports.html

For More Information

If you have any questions or comments, please call 1-866-862-6246.

For additional copies of this Annual Report, call 306-787-6623.

Information on all Saskatchewan Finance programs and services can be accessed at **www.finance.gov.sk.ca**.

Appendix A: Senior Management Committee (as at March 31, 2012)

Karen Layng, Deputy Minister

Joanne Brockman, Executive Director
Economic and Fiscal Policy Branch

Kirk McGregor, Associate Deputy Minister
Taxation and Intergovernmental Affairs Branch

Denise Macza, Assistant Deputy Minister
Treasury Board Branch

Louise Usick, Director
Financial Services Branch

Terry Paton, Provincial Comptroller
Provincial Comptroller's Office

Brian Smith, Assistant Deputy Minister
Public Employees Benefits Agency

Margaret Johannsson, Assistant Deputy Minister
Revenue Division

Rae Haverstock, Assistant Deputy Minister
Treasury and Debt Management Division

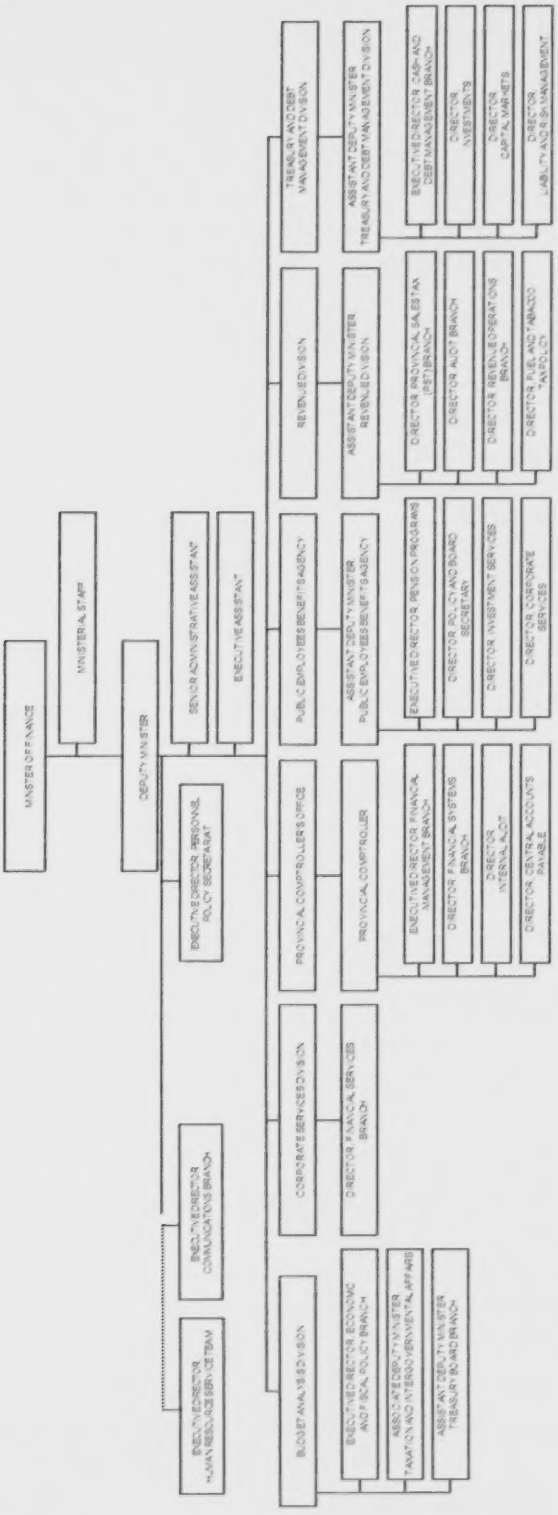
Randy Burton, Executive Director
Communications Branch

Tor Veltheim, Executive Director
Personnel Policy Secretariat

Leah Lopez, Executive Assistant to the Deputy Minister
Deputy Minister's Office

Dana Fauth, Senior Administrative Assistant
Deputy Minister's Office

Appendix B: Organizational Chart (as at March 31, 2012)


MINISTER OF FINANCE
MINISTER'S STAFF
DEPUTY MINISTER
SENIOR ADMINISTRATIVE ASSISTANT
EXECUTIVE ASSISTANT
EXECUTIVE DIRECTOR, PERSONNEL, POLICY SECRETARIAT
EXECUTIVE DIRECTOR, COMMUNICATIONS BRANCH
EXECUTIVE DIRECTOR, HUMAN RESOURCES BRANCH
PROVINCIAL COMPTROLLER'S OFFICE
PROVINCIAL COMPTROLLER
EXECUTIVE DIRECTOR, FINANCIAL MANAGEMENT BRANCH
DIRECTOR, FINANCIAL SYSTEMS BRANCH
DIRECTOR, INTERNAL AUDIT
DIRECTOR, CENTRAL ACCOUNTS PAYABLE
DIRECTOR, CORPORATE SERVICES
PUBLIC EMPLOYEES BENEFITS AGENCY
ASSISTANT DEPUTY MINISTER, PUBLIC EMPLOYEES BENEFITS AGENCY
EXECUTIVE DIRECTOR, PENSION PROGRAMS
DIRECTOR, POLICY AND BOARD SECRETARY
DIRECTOR, INVESTMENT SERVICES
DIRECTOR, CORPORATE SERVICES
REVENUE DIVISION
ASSISTANT DEPUTY MINISTER, REVENUE DIVISION
DIRECTOR, PROVINCIAL SALES TAX (PST) BRANCH
DIRECTOR, AUDIT BRANCH
DIRECTOR, REVENUE OPERATIONS BRANCH
DIRECTOR, FUEL AND TAX POLICY
TREASURY AND DEBT MANAGEMENT DIVISION
ASSISTANT DEPUTY MINISTER, TREASURY AND DEBT MANAGEMENT DIVISION
EXECUTIVE DIRECTOR, CASH AND DEBT MANAGEMENT BRANCH
DIRECTOR, INVESTMENTS
DIRECTOR, CAPITAL MARKETS
DIRECTOR, LIABILITY AND RISK MANAGEMENT
BUDGET ANALYSIS DIVISION
EXECUTIVE DIRECTOR, ECONOMIC AND FISCAL POLICY BRANCH
ASSOCIATE DEPUTY MINISTER, TAXATION AND INTERGOVERNMENTAL AFFAIRS
ASSISTANT DEPUTY MINISTER, TREASURY BOARD BRANCH

Appendix C: Public Employees Benefits Agency

The Public Employees Benefits Agency (PEBA) administers 11 pension plans, one annuity fund, and 20 benefit plans for the Saskatchewan public sector and its retirees. PEBA operates on a revolving fund basis and allocates operating costs to the plans that incur the expenses.

Total assets of the plans administered by PEBA are approximately $7.0 billion. Combined, the pension, retirement and annuity fund have approximately 85,000 members. PEBA has three primary client groups: plan members and their unions; boards and commissions that oversee the plans; and the plan members' employers. Each group depends on PEBA to provide quality service including accurate and timely information, as well as efficient transaction processing.

The Public Employees Benefits Agency administers the following pension and benefit plans:

Pension Programs

Anti-Tuberculosis League Employees Superannuation Plan

Judges of the Provincial Court Superannuation Plan

Saskatchewan Liquor Board Superannuation Plan

Members of the Legislative Assembly Benefits

Municipal Employees' Pension Plan

Public Employees Pension Plan

Additional Pension Contribution Plan

Public Service Superannuation Plan

Saskatchewan Pension Annuity Fund

Saskatchewan Transportation Company Employees Superannuation Plan

Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board

The Power Corporation Superannuation Plan

Benefit Programs

Public Employees Deferred Salary Leave Plan

Extended Health Care Plan

Extended Health Care Plan for Retired Employees

Extended Health Care Plan for Certain Other Employees

Extended Health Care Plan for Certain Other Retired Employees

Public Employees Dental Fund

Public Employees Disability Income Plan

Public Employees Group Life Insurance Plan

Public Employees Benefits Agency Revolving Fund

The Government of Saskatchewan Scheduled Aircraft Plan

The Government of Saskatchewan Unscheduled Aircraft Plan

Appendix C: Public Employees Benefits Agency (cont'd)

The Government of Saskatchewan and Canadian Union of Public Employees Local No. 600-3 and No. 600-5 Benefits Plans Surplus Fund

The Government of Saskatchewan and Saskatchewan Government and General Employees' Union Benefit Plans' Surplus Fund

Additional Benefit Plans Administered for Employers

The SaskPower Supplementary Superannuation Plan

Saskatchewan Government Insurance Service Recognition Plan

SaskPower Designated Employee Benefit Plan

Saskatchewan Water Corporation Retirement Allowance Plan

Saskatchewan Watershed Authority Retirement Allowance Plan

SaskEnergy Retiring Allowance Plan

SaskPower Severance Pay Credits Plan

SaskPower Millennium RRSP

Appendix D: Publications List

All Saskatchewan Finance publications can be accessed at:

www.finance.gov.sk.ca

Ministry of Finance Annual Report

The Annual Report presents the Ministry's activities and results for the fiscal year. It reports to the public and elected officials on public commitments made and other key accomplishments of the Ministry.

Ministry Plan

The Ministry Plan demonstrates how the Ministry aligns with government's goals and presents a high level framework for the Ministry's activities. Contained in the Plan are the strategies and actions that will be pursued in the upcoming year, performance measures to gauge progress and a financial summary.

Budget Documents and Backgrounders

These provide financial details of the annual Provincial Budget. The main documents include the Budget Summary Book, Estimates and Supplementary Estimates.

Budget Summary Book

The Budget Summary Book provides an overall view of the Provincial Budget. It includes financial tables, as well as program highlights for the upcoming year.

Estimates

The Estimates represent the government's financial plan for the General Revenue Fund presented to the Legislative Assembly for the fiscal year commencing April 1, and ending on March 31 of the following year. The Estimates outline the estimated expenditures, revenues, loans and investments of the General Revenue Fund categorized in a manner to inform both the Members of the Legislative Assembly and the public. The Estimates are presented in accordance with *The Financial Administration Act, 1993.*

Supplementary Estimates

The Supplementary Estimates represent additional funding provided to ministries subsequent to the passage of the Main Appropriation Bill that supplied funding as specified in the Budget Estimates. Supplementary Estimates are prepared and presented to the Legislative Assembly pursuant to section 14 of *The Financial Administration Act, 1993*, and include any funding provided by special warrant during the fiscal year.

First Quarter Report

This report offers details of the government's financial picture on a General Revenue Fund basis as of the first quarter (April, May, June) of the fiscal year, compared to Budget. This Report is usually published within 60 days of end of first quarter.

Mid-Year Report

Details of the government's financial picture are provided on a General Revenue Fund basis as of the second quarter (April - September) of the fiscal year, compared to Budget and First Quarter. The Report is tabled in the Legislative Assembly on or before November 30th of the fiscal year to which it pertains.

Appendix D: Publications List (cont'd)

Third Quarter Report

This Report presents details of the government's financial picture on a General Revenue Fund basis as of the third quarter (April - December) of the fiscal year, compared to Budget and Mid-Year. This Report is usually published within 60 days of end of third quarter.

Public Accounts Documents

Volume 1

Volume 1 of the Public Accounts contains the General Revenue Fund financial statements and the Summary financial statements. Volume 1 also includes a detailed Financial Statements Discussion and Analysis section. It also contains information on the Growth and Financial Security Fund and the Province's debentures. It is usually published in June/July.

Volume 2

Volume 2 of the Public Accounts provides detailed information on revenues and expenses of the General Revenue Fund, information on the trust funds administered by the government and a listing of remissions of taxes and fees. It is usually published in September/October.

Compendium

The Compendium contains the financial statements of various boards, agencies, commissions, pension plans, special purpose funds and institutions, as well as those Crown corporations which are accountable to Treasury Board.

Tax Information Bulletins and Forms

The Revenue Division of the Ministry of Finance prepares a number of information bulletins and forms about the taxes and programs administered.

This information explains how the Provincial Sales Tax, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, and other taxes apply in specific situations.

Financial Administration Manual

The Financial Administration Manual (FAM) communicates Treasury Board's policies and the Provincial Comptroller's directives to ministries and public agencies. These financial policies and directives are made pursuant to *The Financial Administration Act, 1993.* FAM contains information to assist ministries and public agencies in controlling, managing and accounting for government financial resources.

Natural Account Manual

The Natural Account Manual provides information on the asset, liability, equity, revenue and expense accounts available for use in MIDAS (the government's central financial system).

Frequently Asked Questions About Government Payment Authorities

This document offers guidance about government payment processes to those involved with initiating, approving or processing government payments. It is intended to be used by deputy ministers and other senior managers, program managers and executive directors/directors of administration and their staff.

Appendix D: Publications List (cont'd)

Australian Medium-Term Note Information Memorandum

The AMTN Programme enables the Province to issue debt instruments in the Australian capital market.

Annual Report of the Province of Saskatchewan on Form 18K

The Annual Report is a disclosure document filed with the United States Securities and Exchange Commission, which provides an overview of the economic and fiscal position of the Province.

Saskatchewan Bureau of Statistics

All Saskatchewan Bureau of Statistics publications can be accessed at:

www.stats.gov.sk.ca

Saskatchewan Provincial Economic Accounts

This provides annual detailed data of the Saskatchewan economy in terms of Gross Domestic Product and other relevant macro-economic indicators.

Economic Review

It is an annual compendium, which includes the most asked questions relating to Saskatchewan statistics, including data on agriculture, business, employment, investment and Gross Domestic Product.

Monthly Statistical Review

The monthly reviews provide up-to-date economic and social statistics relating to Saskatchewan.

Saskatchewan Fact Sheet

This is an annual snapshot which presents important Saskatchewan economic and social statistics for the previous two years in both English and French.

Labour Force Survey

Tables and information contained in this monthly document provide labour force and employment data from the Statistics Canada Labour Force Survey.

Consumer Price Index

This document is produced monthly and provides tables reflecting consumer price data from the Statistics Canada Consumer Price Index.

Quarterly Population Report

This quarterly report presents tables which provide population and demography data from the Statistics Canada Demography Division.

Census Report

The Census Report provides information from the 2011 Census of Canada.

Appendix D: Publications List (cont'd)

Public Employees Benefits Agency (PEBA)

PEBA operates as a central body within the Ministry of Finance to administer pension and benefit programs for employees of Executive Government, Crown corporations and government funded bodies. www.peba.gov.sk.ca

PEBA Annual Reports

Annual Reports provide information about the Plan's operations, membership, and administrative expenses and include financial statements for the year. PEBA produces 23 annual reports.

Acceptable Documentation

This document outlines the documentation that PEBA will use in administering the pension and benefit programs that the Agency is responsible for.

Statement of Investment Policies (SIG&P; SIP&P)

The following policy documents outline parameters around the investment of the various plans' assets setting rate of return standards, asset mix guidelines and risk tolerance. Documents are used by various fund managers to manage the plans' assets. The boards and commissions use this to evaluate the manager's performance.

Public Employees Pension Plan (PEPP)

PEPP Statement of Investment Policies and Goals – March 2012

The Saskatchewan Pension Annuity Fund

Statement of Investment Policies and Goals (as of June 2011)

Municipal Employees' Pension Plan (MEPP)

Statement of Investment Policies and Procedures (as of November 2011)

Saskatchewan Liquor Board Superannuation Plan

Investment Policy Summary (as of March 2009)

Statement of Investment Policies and Goals as of (November 2010)

Public Service Superannuation Plan (PSSP)

Saskatchewan Transportation Company Superannuation Plan

Investment Policy Summary (as of June 2009)

Statement of Investment Policies and Goals (as of June 2011)

Appendix D: Publications List (cont'd)

Benefits

Public Employees Benefits Agency Disability Income Plan

Investment Policy Summary (as of June 2009)

Statement of Investment Policies and Goals (as of September 2011)

Public Employees Benefits Agency Group Life Insurance Plan

Investment Policy Summary (as of June 2009)

Statement of Investment Policies and Goals (as of September 2011)

Member Newsletters

The newsletters provide current information to members about Plan provisions, proposed changes to legislation, regulations and administrative matters and address topics of interest to members (i.e., retirement planning, risk management, investments and the pension industry).

Public Employees Pension Plan (PEPP) – Pension Perspectives

These are produced four times each fiscal year.

Municipal Employees' Pension Plan (MEPP) – MEPP Matters

These are presented twice each fiscal year.

Member Booklets

Member Booklets contain detailed information concerning the various plans offered and the benefits available to the members. These are a valuable resource to all Plan members, so that they know their exact entitlements under the various plans.

Pension Plans

Public Employees Pension Plan

Municipal Employees' Pension Plan

Public Service Superannuation Plan

Benefit Plans

- Public Employees Group Life
- Public Employees Disability Income Plan
  - Employee Booklet
  - Plan Document
- Public Employees Dental Plan
  - Maximum Reimbursement Schedules (MRS) – list the codes and the cost for each procedure that is covered in the Plan. The schedules are updated every year, usually in January.
- Public Employees Deferred Salary Leave Plan

Appendix D: Publications List (cont'd)

Extended Health Care Booklets

Extended Health Care Plan PS/GE SGEU Retiree Booklet

Extended Health Care Plan CUPE 600-3 Retiree Booklet

Extended Health Care Plan Out-of-scope Retiree Booklet

Extended Health Care Plan Booklet PS/SGEU and CUPE 600-3: Effective

January 1, 2010, Revised April 1, 2010

Extended Health Care Plan Booklet (Management) Employees: Effective

January 1, 2010, Revised July 1, 2010

Employer Bulletins

Bulletins notify employers about legislation, regulations, and administrative changes affecting the Plan, as well as new services being offered to the members or procedural changes.

PEPP – PSSP – MEPP

Employer Administration Guides (PEPP)

These guidelines assist employers in performing their responsibilities necessary for the administration of the Plan.

Pension Adjustment Guides

The guides assist users in calculating and reporting Pension Adjustments.

MEPP – PSSP

Employer Manual (MEPP)

The manual provides instructions to employers regarding administrative and reporting procedures.

Employer Defined Benefit Administration Guide

The guide offers instructions to employers regarding administrative and reporting procedures.

Other Information

Information Sheets

Information sheets present detailed information on specific topics related to Plan provisions.

PEPP Talk

Info Sheets (PSSP)

MEPP In-Depth

MEPP

Actuarial Valuation of the Saskatchewan Municipal Employees' Pension Plan (as at December 31, 2010)

Actuarial Valuation Report (as at December 31, 2010) on The Annuities Underwritten by The Municipal Employees' Pension Plan

Appendix E: Legislation

Under Order-in-Council No. 604/2011 dated November 24, 2011, the Minister of Finance is responsible for the following Acts of the Legislative Assembly:

Certified General Accountants Act, 1994

Certified Management Accountants Act

Certified Management Consultants Act

Chartered Accountants Act, 1986

Corporation Capital Tax Act

Federal-Provincial Agreements Act

Financial Administration Act, 1993

Fuel Tax Act, 2000

Growth and Financial Security Act

Home Energy Loan Act

Income Tax Act

Income Tax Act, 2000

Insurance Premiums Tax Act

Liquor Consumption Tax Act

Management Accountants Act

Members of the Legislative Assembly Benefits Act

Motor Vehicle Insurance Premiums Tax Act

Municipal Employees' Pension Act

Municipal Financing Corporation Act

Provincial Auditor Act

Provincial Sales Tax Act

Public Employees Pension Plan Act

Public Service Superannuation Act

Revenue and Financial Services Act

Saskatchewan Pension Annuity Fund Act

Saskatchewan Pension Plan Act

Statistics Act

Superannuation (Supplementary Provisions) Act

Tabling of Documents Act, 1991

Tobacco Tax Act, 1998

Appendix E: Legislation (cont'd)

Although not listed in the Order-in-Council, the Minister is also responsible for the Appropriation Act. Furthermore, the Ministry has responsibilities under the following legislation:

Fire Prevention Act, 1992
Liquor Board Superannuation Act
Provincial Court Act, 1998
Public Health Act, 1994
Saskatchewan Assistance Act

Appendix F: Glossary of Terms

Accountability Framework

The Accountability Framework is government's performance management framework that supports stronger management practices and leads to improved accountability in public sector organizations.

Saskatchewan's Accountability Framework, adopted in 1999, was built on a solid foundation of principles that are common to other jurisdictions that have implemented a 'managing for results' approach. The three main components of the Accountability Framework are planning, performance management and reporting.

Appropriation

An amount of funding that the Legislative Assembly has authorized for a particular purpose.

Credit Rating

An evaluation of the ability and willingness of a borrower to service and repay debt in a timely manner. Credit ratings are a key factor in determining the cost and availability of credit to a borrower. Borrowers with lower credit ratings pay more to lenders or investors than those with a higher rating. Many investors, such as pension funds, have guidelines restricting their lending to only those borrowers with above a minimum standard (level) credit rating.

Debt Servicing Costs

Costs associated with the Province's debt incurred for general government purposes and for a portion of the public debt reimbursable from Crown corporations. The costs include interest, foreign exchange gains and losses, discounts, premiums, fees, commissions and other debt-related costs.

Estimates

Documents tabled with the Legislative Assembly outlining the government's detailed financial plan for the year. They form the basis for the requested appropriations. Estimates are tabled every year with the Budget Address.

Expense

The cost of goods and services acquired in the fiscal year whether or not payment has been made, including interest on debt and transfer payments made or due. Expense also includes the cost of amortizing (depreciating) capital assets.

Expenditure

The cost of goods and services acquired in the fiscal year whether or not payment has been made, including capital acquisitions, interest on debt and transfer payments made or due. Budgetary expenditure is synonymous with expense except budgetary expenditures include capital acquisitions whereas expense reflects the amortization (depreciation) of capital. Non-budgetary expenditures are outlays by the GRF to provide for a loan, advance or investment.

Financial System

Any system, manual or computerized, used to report or process transactions or data related to revenues, expenditures, assets or liabilities.

Appendix F: Glossary of Terms (cont'd)

Fiscal Year

The period commencing on April 1 in one calendar year and ending on March 31 in the following calendar year.

General Revenue Fund (GRF)

The fund into which all revenues are paid, unless otherwise provided for by legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements

The financial statements prepared for the moneys appropriated by the Legislative Assembly.

Gross Debt

The gross debt of the Province consists of money owed directly to lenders through the sale of short term promissory notes and medium and long-term debentures in the capital markets, as well as the amount owed to holders of Saskatchewan Savings Bonds.

Growth and Financial Security Fund (GFSF)

The GFSF was created effective May 14, 2008 with the assent of *The Growth and Financial Security Act*. The purpose of the GFSF is twofold: 1) to assist in the achievement of the Government of Saskatchewan's long-term objectives by providing for financial security of the Government of Saskatchewan from year to year; and, 2) to provide a source of funds that are to be available for appropriation to be used for programs of the Government of Saskatchewan identified as promoting or enhancing the economic development of Saskatchewan.

Transfers to the GFSF represent either 50 per cent of any pre-transfer surplus for any fiscal year (required); or, subject to the approval of Treasury Board, the amount of significant, unexpected revenue received for the fiscal year, as determined by the minister (special transfer). Transfers out of the GFSF may be made by the minister, subject to the approval of Treasury Board, with the objective of achieving the aforementioned twofold purpose.

Guaranteed Debt

The debt of Crown corporations and others that the Province has promised to repay if the debt issuer is unable to do so.

Ministry

An organizational unit of Executive Government created for the purpose of managing related programs.

Performance Measurement

Performance measurement is a process of defining performance measures or indicators to assess progress towards achieving the outcomes articulated in a strategic plan. Measurement results are analyzed, and reported, and the knowledge gained is used by the organization to modify and improve future activities.

Appendix F: Glossary of Terms (cont'd)

Public Accounts

The Public Accounts of the Government of Saskatchewan are organized into two reports. Volume 1 contains the General Revenue Fund financial statements and the Summary financial statements. These are the main financial statements of the Government of Saskatchewan. Volume 2 contains details on revenue and expenditure of the General Revenue Fund, financial information on the superannuation and trust funds administered by the government, and a listing of remissions of taxes and fees.

Public Performance Results Reporting

The mechanism that government uses to communicate with the public on the achievements of ministries for a specific time period, compared to the intended results laid out in plans that are typically released with the budget. Ministries are required to prepare plans and report on their financial and non-financial performance within their annual report.

Revenue

The gross proceeds applicable to a fiscal year received from taxes, licences, transfer payments and sources other than borrowing.

Revolving Funds

Revolving funds, which are established by statute, are used to isolate certain items of related revenue and expense and are net-budgeted in the Estimates. Revolving funds are used to account for specific government operations that recover all or a portion of the associated costs from the funds' users. Revenue generated by a revolving fund's activities is used to finance further operations that in turn generate further revenue, hence the term "revolving".

Sinking Funds

Funds set aside to provide for the orderly retirement of a portion of the Province's debt.

Strategic Planning

Strategic planning is a practical, action-oriented process that sets goals and allocates resources to achieve meaningful results over time. Plans describe the outcomes that the organization intends to achieve over the planning period and the key actions that will be taken in the short term to move the organization toward its desired outcomes.

Summary Financial Statements

The financial statements that report on the consolidated financial resources and activities of all government organizations, including government boards, agencies, commissions, funds and Crown corporations.

Appendix F: Glossary of Terms (cont'd)

Total Debt

The total debt of the General Revenue Fund consists of:

- gross debt – the amount of money owed to lenders; plus
- guaranteed debt – the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- sinking funds – the amount of money which has been set aside for the repayment of debt.

Transfers

Transfers of money from the Government of Saskatchewan to an individual, organization, authority or other government for which no goods or services are directly received by the Government of Saskatchewan and no repayment is expected in the future. Terms such as "grants" and "entitlements" are often used for transfers.

Transfers to Individuals

Direct or indirect transfers of money for which no public service is required. These transfers provide the recipient with a financial benefit and are usually in the nature of an income support, subsidy or compensation payment. They may include public services or goods provided on an income-tested basis.

Transfers for Public Service

Transfers to individuals, organizations, Crown corporations and local authorities (for example: school boards, regional health authorities and municipalities) to fund public services such as health care and education. Transfers to government organizations and corporations, which in turn provide a direct transfer or subsidy to their clients, are treated as a transfer to an individual.

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